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9 See *Foreign Travel Paid for by a Foreign Government,* US Congress, House Ethics Committee https://ethics.house.gov/travel-information/travel-paid-foreign-government (accessed October 5, 2018).

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SECTION 2

State and Local Governments

In late 2017, an American city in the mid-Atlantic region was invited to form a sister city relationship with a town in southern China. The American partner city was home to a large number of national security professionals and university and government scientists, including many of PRC origin. The partnership was proposed and shepherded by the manager of a for-profit Chinese "exchanges" company—a woman of PRC origin. She was assisted by an American citizen of PRC origin who was running for a position on the local school board.

In a briefing, an American China expert told the local sister city committee that there was no reason not to explore a partnership, provided the American side had defined goals and was aware of Beijing's increasingly repressive domestic policies, its growing suspicions of US influence, and its well-funded efforts to increase its influence overseas. The man running for the local school board objected to this characterization and pointed out that China's constitution gives the CCP paramount authority in China.

After a long debate, the new sister city agreement was signed in the fall of 2018. Some Americans involved objected to China's insistence that all sister city activities be carried out "in accordance with the principles on the establishment of diplomatic relations between the United States of America and the People's Republic of China (根据中美两国建交原则)," because this seemed to be a reference to the One China Principle, which might be invoked to preclude exchanges with Taiwan. Despite these objections, the phrase appeared in the signed agreement because the Chinese side said that the Chinese People's Association for Friendship with Foreign Countries required that all sister city agreements include such language and the US side did not want to derail the agreement by insisting otherwise.

The story of this sister city agreement illustrates the challenges and opportunities "sub-national entities" (local governments, cities, and states) face in the United States when dealing with a China intent on maximizing its influence in America and across the globe. As this report details in other sections, the age of innocent engagement is over, and this is now true for American local officials as well as for representatives

of the US federal government. Because most PRC attempts to influence American opinion and practices occur at the local level, and because local media, universities, companies, and advocacy agencies are often involved in these efforts, knowingly and unknowingly, local leaders, just as much as national leaders, need an understanding of PRC goals and strategies.

"We Have Friends All Over the World"

China pursues sister city relationships under an organization called the Chinese People's Association for Friendship with Foreign Countries, which is part of China's united front bureaucratic structure (See Appendix: Chinese Influence Operations Bureaucracy) that aims to strengthen the rule of the Chinese Communist Party and increase China's influence overseas. With its long-standing Maoist slogan, "We Have Friends All Over the World," the association had its heyday in the 1950s, when China was isolated and the group became a bridge between China and overseas supporters. It was marginalized in the 1980s, as China opened to the West and established diplomatic relations with hundreds of countries. However, under the administration of Communist Party leader Xi Jinping, the association has been revitalized as China seeks to groom local business, political, and media leaders in countries around the world. Its new standing is exemplified by the splendor of its headquarters located in the elegant old Italian Embassy compound near Tiananmen Square.

The way the association and other Chinese organizations cultivate relationships with local officials follows a general pattern. First, in the United States, China demands that sister city relationships and state-to-province sister relations be carried out under "principles" on which Sino-US relations were established in the 1970s (as interpreted by the Chinese side). This means that China's representatives will likely protest should local officials seek to maintain ties with representatives of Taiwan or with other individuals, such as the Dalai Lama, whom China regards as hostile forces. Second, it is important to understand why China seeks a relationship with localities, especially during times of tension with the federal government: China seeks to build alternative networks of interaction and support, while using these new relationships to help gain new traction back in Washington. Local American expertise, information, and opinion are also of more than passing political interest to Beijing, even if on paper an exchange relationship is only to "enhance people's friendship, further international cooperation, safeguard world peace and promote common development,"[1] for Beijing understands clearly that local leaders today become the

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national leaders of tomorrow. For China, all exchanges have a political character and hopefully a political harvest.

Third, it is important for local officials to understand that local American "exchange" companies that bring Chinese delegations to the United States and promote professional interactions between the United States and China all depend on official PRC sanction and have received approval to receive Chinese delegations. The business model of such companies is, of necessity, as much political as financial. Even if they conduct high-quality programs, they should not be viewed as disinterested actors. They, too, are subject to rules made by the Chinese Communist Party, its united front bureaucracy, and united front strategic imperatives.

Finally, American citizens of PRC origin have played a key role in promoting mutually beneficial engagement over the past forty years. As US-China relations grow more contentious, however, and as Beijing calls more aggressively for diaspora Chinese to serve the "motherland," it will be necessary for citizen diplomats (including those who are not of PRC origin) to better educate themselves about American national interests in the US-China competition and the areas in which the nation's values, institutional practices, and strategic goals are incompatible. Such awareness is even more vital for Chinese Americans who seek political office and whose abilities to navigate these shoals will depend on their knowledge of this complex system of interaction.

American Communities as Engines of Engagement

The American federal system allows sub-national governments considerable leeway to pursue local interests generally regardless of Washington's security concerns. Free from geostrategic worries, state, county, and municipal leaders who have formed commercial and people-to-people relationships with the PRC have been a bulwark of better US-China relations since the early 1970s, and their efforts to build mutual understanding and solve joint problems formed the bedrock of bilateral relations over four decades. However, as China becomes more reliant on its old Leninist system and "united front" tactics (统战战略), Sino-US relations become more contentious, and the CCP seeks to more forcefully build influence in American communities through channels detailed in this study, local leaders will be called upon to give greater weight to national interests when forming exchange relationships with PRC actors. Conversely, as Beijing's relations with Washington worsen, China will likely seek to use tried-and-true "divide and conquer" tactics by cultivating new relations with more state and local-level officials.

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Beginning in the early 1970s, China and the United States built trust and common prosperity through cooperation at the local level. The work of two hundred sister city pairs and over forty sister state/province partnerships was reinforced by state and city trade and investment promotion offices, chambers of commerce, Chinese American and traditional clan associations, Chinatown cultural centers, and various and sundry activities at US colleges and universities, secondary schools, church groups, and museums. Following the establishment of the pioneering Washington State China Relations Council in 1979,[2] centers for joint innovation and entrepreneurship, such as the Michigan China Innovation Center[3] and the Maryland China Business Council[4] were set up in nearly every state. Twenty-seven states now maintain trade offices in China—more than in any other nation.[5] Americans of Mainland, Taiwanese, and Hong Kong ancestry have founded cultural centers like the Asia Institute–Crane House in Louisville, Kentucky,[6] and the China Institute in New York.[7] After forty years of engagement, the US-China focused foundations, educational and exchange programs, research institutes, and arts and entertainment initiatives throughout the country are too many and various to be cataloged. American mayors, county executives, and governors—many of whom travel to China often and host an unending stream of Chinese visitors—have leveraged the work of these groups to enrich local coffers and local culture.

American Communities as Targets

While American local governments value such "exchanges" for financial and cultural reasons, "exchange" (交流) has always been viewed as a practical political tool by Beijing,[8] and *all* of China's "exchange" organizations have been assigned political missions. The US-China People's Friendship Association, for example, has over thirty sections across the United States that promote "positive ties." While its activities are not usually overtly political, the USCPFA Statement of Principles includes the following: "We recognize that friendship between our two peoples must be based on the knowledge of and respect for the sovereignty of each country; therefore, we respect the declaration by the United States of America and the People's Republic of China that the resolution of the status of Taiwan is the internal affair of the Chinese on both sides of the Taiwan Straits."[9] Some 190 Chinese Students and Scholars Associations[10] (CSSA) at American colleges and universities (see the section on "Universities") also promote local exchanges and, in some cases, political activities,[11] as do the 110 Confucius Institutes in America. The China General Chamber of Commerce–USA was founded in 2005 to build stronger investment environments for Chinese companies through local corporate citizenship programs planned by its six regional offices and municipal

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affiliates.[12] These and other organizations maintain close ties to China's diplomatic missions in the United States and are often in contact with training or "cultural exchange" companies that bring delegations of PRC experts and Communist Party members to US cities and states for so-called study tours.

US and Chinese groups promoting exchanges and investment have often been a valuable resource for American local leaders—see, for example, the Virginia Museum of Fine Arts annual China Fest[13] or the Chinese investment program in Greenville, South Carolina[14]—but there have been other instances in which American politicians working with Chinese organizations have been drawn into schemes that cost them their jobs.

Perhaps the most telling case is that of four officials in Ypsilanti, Michigan, who, in 2017, accepted a trip to China that they had been told was paid for by the Wayne State CSSA. The trip was eventually revealed as a boondoggle funded by a developer, Amy Xue Foster, who hoped to build a $300 million "Chinatown" in the area.[15] The four officials, including the mayor, were fired.

This is not to suggest that shady Chinese nationals are always plotting to corrupt otherwise innocent American leaders; US politicians have a long history of willingly accepting free trips, gifts, and other favors from the PRC or its fronts. As other sections of this study make clear, however, Beijing-directed activities such as the secret purchase of American Chinese-language newspapers and radio stations, harassment of local Chinese American dissidents, and the operation of CCP cells in local American businesses and universities do require heightened vigilance by US sub-national authorities, regardless of how much investment, how many tuition-paying students, or how many tourists China is able to produce.

China Exchanges and Chinese Leverage

The over forty years of engagement with China has created for American cities and states, as it has for American corporations and universities, deep interests and traditions with regard to China. However, the local policies that have guided these relationships are sometimes at odds with Washington's policies, even our larger national interest. Although the United States has pulled out of the Paris Agreement, the seventeen governors who have joined the United States Climate Alliance, for example, continue to work with Beijing, which many would agree is a very salutary thing. But sometimes sub-national solidarity with China can become overexuberant, as it did on a July 2018 trip to Hong Kong by Los Angeles Mayor Eric Garcetti, who declared

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his city's independence from the looming Sino-US trade war. Garcetti stated that Los Angeles and China "have closely integrated economies, closely integrated cultures and closely integrated geography. . . . We hope to be the leading Chinese city in America for investment, tourism and students."[17]

Sometimes federalism, in the form of local leaders' independent China policies, is a good thing and may, during times of upheaval in Washington, DC, help to offset unwise national policies. But if US-China relations continue on their current downward trajectory, there will be an increased danger that independent state and municipal China policies will sometimes conflict with national interest and hinder the United States in its competition with China to shape global norms and practices. As China's wealth and ambition grow and as Beijing is becoming more adept at turning local American "China interests" into Chinese leverage, sub-national American governmental entities that formed their China policies in the Era of Engagement must become mindful that a new era will require them to develop new strategies for a new Era of Competition.

Conclusion and Recommendations

The following practices can foster the kind of constructive vigilance that local governments will need to exercise in their continued cooperation with China.

Promote Transparency

Sub-national governments should:

- Not have secret agreements with Chinese entities, including foundations, corporations, or individuals. All MOUs and contracts should be transparent and public. All cooperative proposals should be subject to public hearings. All potential projects should receive the same due diligence that partnerships with American entities would demand. No exceptions to American laws or best practices should be made to placate allegedly "Chinese" customs. And in no way should China be allowed to have a veto over potential exchanges with other countries, entities, or individuals such as Taiwan or the Dalai Lama.

- Share experiences and concerns with peers through the National Conference of Mayors, the National Governors Association, the National Council of County Association Executives, and the National Conference of State Legislatures. Best

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practices for cooperating with China in ways that do not undermine national interests should be a regular topic at annual meetings.

- Meet with stakeholders across sectors—local leaders of industry, academia, the arts, religious groups, Chinese American organizations, and professional associations—to discuss issues emerging from cooperation with China, because a community-wide approach is required.

- Celebrate successes and share best practices. In the era of US-China competition, there is more reason than ever to publicize cooperative projects that enrich local communities, build understanding, and solve common problems, while always being mindful of the larger framework of China's goal and American interests.

Promote Integrity

Sub-national governments should:

- Educate themselves and other stakeholders on the goals and methods of Chinese influence operations. While Americans are quick to label any wariness of communist parties as McCarthyism, and while the potential for racial stereotyping is real, the Chinese Communist Party's United Front Work Department and International Liaison Department—two of the main bodies overseeing such exchanges—are in fact active and well resourced and determined. No mainland Chinese organization in the United States—corporate, academic, or people-to-people—is free of Beijing's control, even if it is not formally part of the United Front.

- Keep abreast of Washington's China policies and improve political risk analysis capabilities. American China policy is evolving rapidly and cannot be incorporated into local practice without expert counsel and advice. China's responses to US actions are also fast-moving, as are Chinese domestic events that have an impact on local American interests. The 2018 sell-off of Chinese-owned properties in the United States was instructive in this regard.[18] State and municipal governments should therefore improve their political risk analysis capabilities and continually reassess their cooperative relationships with China. In effect, to successfully play in the China arena, sub-nationals need to develop their own sources of expertise.

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- Communicate regularly with federal agencies like the FBI whenever doubts arise about a cooperative proposal or the Chinese institutions promoting it. Pay attention to who is on Chinese delegations. Get name lists beforehand and do due diligence on them.

Promote Reciprocity

Sub-national governments should:

- Follow the money, and the power. In any cooperative venture, US local governments should determine exactly where Chinese investments originate and know which Beijing ministry has final decision-making authority related to the project. They should also check lists of funders and organizations against lists of known United Front agencies and registered foreign agents.

- Not treat other stakeholders—other countries, Taiwan, or companies—in a prejudiced manner to win favor in Beijing.

NOTES

1 As promised in the referenced sister cities agreement.

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3 Michigan-China Innovation Center. https://www.michiganchina.org.

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6 Asia Institute - Crane House. http://www.cranehouse.org.

7 China Institute in America. https://www.chinainstitute.org.

8 Washington also views "exchanges" with China as a form of public diplomacy that serves American interests, but it does not direct the activities of American local governments and NGOs that do most of the work of engagement.

9 US-China People's Friendship Association. http://www.uscpfa.org/about.htm.

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SECTION 3

The Chinese American Community

Chinese Americans have made essential contributions to almost every aspect of American life for over a century. Although they form a vital strand in the social fabric of the United States, Beijing also views Chinese Americans as members of a worldwide Chinese diaspora that, whatever the actual citizenship of individuals may be, presumes them to retain not only an interest in the welfare of China but also a loosely defined cultural, and even political, allegiance to the so-called Motherland (祖国). Under Xi Jinping's leadership, diaspora Chinese have been called on to help achieve the Rejuvenation of the Chinese Nation—a summons that places growing pressure on ethnic Chinese around the world to serve the "China Dream" (中国梦). While many overseas Chinese do feel pride in China as a country and the Chinese as a race, Beijing's claims on their loyalty can have the untoward effect of calling into question their devotion to their own home nations.

Under both the Nationalist and Communist parties, overseas Chinese have played an important role in modern Chinese politics as well as in China's relations with the outside world. Diaspora communities worldwide have been key sources of legitimacy and support for whatever government held power in Beijing, but just as often they have been centers of antigovernment agitation. With PRC influence-seeking activities now expanding, China's long-standing focus on diaspora communities has also intensified to become an important element in overall US-China relations. Such trends demand not only greater societal attention and understanding but also an appropriate response from the US government as well as non-governmental institutions.

As the Chinese Communist Party seeks to encourage, even entice, ethnic-Chinese communities and individuals overseas to more fully support its interests, the Chinese Americans in the United States and other free societies need to better inform themselves as to the nature of this dynamic, and our governmental institutions may need to do more to defend their freedoms against harmfully intrusive and coercive activities. At the same time, it is essential that we not allow overseas Chinese as an ethnic group to fall under any kind indiscriminate cloud of suspicion. Above all, it is important to bear in mind that while ethnic Chinese can be quite naturally expected to take an interest in things Chinese, it is the Chinese Communist Party that puts a target on their backs through its presumption that they are all somehow the "sons and daughters of the Yellow Emperor" (炎黄子孙) and thus owe some measure of loyalty to the Chinese Communist Party.

Origins and Structure

From the 1950s to the 1970s, when the United States maintained an alliance with the regime of Chiang Kai-shek on Taiwan, pro-PRC organizations faced challenges gaining traction in the United States. During the 1950s, the FBI, aided by pro-Kuomintang security organizations, closely monitored their activities and participants. This antagonistic state of affairs began to change after President Nixon's historic trip to China in 1972.[1] On February 24, 1973, more than forty Chinese on the East Coast, most of them immigrants from Taiwan, established the Washington Association to Promote China Unification to help advocate for Beijing's official positions. One of the founders was a professor at the University of Maryland who was actively involved in organizations that already supported China's position on Taiwan and Tibet.[2] However, a more beneficial contribution came in the form of advancing US-China scientific, educational, and cultural exchanges that started to be promoted by a growing number of preeminent Chinese American scientists, engineers, and academics who were also advising the Chinese government to launch reforms in science and education. These Chinese Americans were also personally helping them establish various programs to bring thousands of talented Chinese students to American institutions of learning.

Recognizing the achievements, influence, and growth of the Chinese diaspora, Beijing undertook a systematic program designed to target and exploit overseas Chinese communities as a means of furthering its own political, economic, and security interests. The Beijing government used specialized bureaucracies to manage what it called "united front" activities abroad. Organizations such as the Overseas Chinese Affairs Office inside the Communist Party Central Committee's United Front Work Department[3] and the State Council's Taiwan Affairs Office led the charge. Almost all of these agencies have established nongovernmental fronts overseas, including the China Council for the Promotion of Peaceful National Reunification, the China Overseas Exchange Association, and the China Overseas Friendship Association.[4] Other "united front" organizations, such as the Chinese Enterprise Association and other Chinese chambers of commerce, are almost always linked both to the United Front Work Department and to the Ministry of Commerce.

Following the violent crackdown on the prodemocracy movement in Beijing on June 4, 1989, the Chinese Communist Party redoubled its efforts to reach out to overseas Chinese. Many members of these communities had supported the student democracy movement, providing funds and safe havens for fleeing dissidents. But senior Chinese leader Deng Xiaoping was not dissuaded. In 1989 and again in 1993, he spoke of the "unique opportunity" overseas Chinese offered the PRC. Deng insisted that by drawing on their help, China could break out of international isolation and improve its international political standing. Gaining influence over overseas Chinese groups in order to "turn them into propaganda bases for China" became an important task of overseas Chinese united front work.[5]

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In China, all of the organizations involved in outreach to the overseas Chinese community are led by senior members of the Chinese Communist Party. Sun Chunlan, the former head of the United Front Work Department, is listed as the president of the China Overseas Friendship Association and the executive vice president of the China Council to Promote Peaceful Reunification. The head of the Overseas Chinese Affairs Office, Qiu Yuanping, also leads the China Overseas Exchange Association. Madame Qiu has a career background with the Party's International Liaison Department. The president of the China Council for the Promotion of Peaceful Reunification is none other than Yu Zhengsheng, the former chairman of the Chinese People's Consultative Conference and a former member of the Standing Committee of the Political Bureau of the Communist Party's Central Committee.[6]

Goals and Methods

The key goal of the Party's united front work with overseas Chinese is to gain support for the Communist Party's efforts to modernize the country by convincing members of overseas Chinese communities that the Party is the sole representative of China and to isolate competing forces that the Party perceives to be adversarial, or even hostile. For example, as part of a massive campaign to monitor, control, and even intimidate China's ethnic minorities (no matter where in the world they are), Chinese authorities are creating a global registry of Uighurs who live outside of China. Chinese authorities threatening to detain Uighur relatives who remain in China if they do not provide personal information of their relatives living abroad to the Chinese police. This campaign has particularly targeted Uighurs living in Germany but is now reaching Uighurs in the United States as well.[7] Uighurs are not alone; Tibetan exiles living in the United States have long reported similar campaigns against members of their families and community. Chinese security officials have even been known to travel to America on tourist visas to exert pressure on Chinese dissidents living here.[8] FBI agents have contacted prominent Chinese exiles in the United States offering them protection from Chinese agents who might travel to the United States to menace them.[9]

For most Chinese Americans, however, China's efforts to influence them are far more anodyne. The official description of the Overseas Chinese Affairs Office (OCAO) states its purpose as: "to enhance unity and friendship in overseas Chinese communities; to maintain contact with and support overseas Chinese media and Chinese language schools; [and] to increase cooperation and exchanges between overseas Chinese and China related to the economy, science, culture and education." Over the past three decades, the OCAO has dispatched former reporters and editors from the OCAO-run China News Service to establish pro-Beijing Chinese media organizations in the West. (Chinese officials have described such Chinese-language media outlets, schools, and other kinds of organizations as the "three treasures" (三宝) of united front work overseas.)[10]

Officials from Beijing have stated clearly that they do not view overseas Chinese as simple citizens of foreign countries, but rather as "overseas compatriots" (华侨同胞们) who have both

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historical connections and responsibilities as "sons and daughters of the Yellow Emperor" to support the PRC's goals and the "China Dream." As Xi Jinping[11] described it in a 2014 speech to the Seventh Conference of Overseas Chinese Associations, "The Rejuvenation of the Chinese Nation is a Dream shared by *all Chinese*" [emphasis added]. In January 2018, Politburo member and former state counselor and foreign minister Yang Jiechi made this presumption even clearer when he called upon the government to expand and strengthen "Overseas Chinese Patriotic Friendly Forces" in the service of the "Great Rejuvenation" of the Chinese nation.

In addition to appealing to the cultural affinities of Chinese Americans, the Chinese government has also implemented a wide range of programs to strengthen ties with elite members of this community. China has appointed hundreds of Chinese Americans to positions in its united front organizations and provided thousands with free trips to China, during which they have been feted by senior united front officials. In some cases, Chinese Americans are offered senior positions in united front organizations. For example, in 2013, one Chinese American, a native of Guangdong Province, became the first and only foreigner to become a vice president of the Chinese Overseas Friendship Association (COFA).[12]

China has used this tactic of handing out what one senior Chinese American called "honors" to Chinese Americans as a way for united front departments, and even espionage agencies, to cultivate contacts in the United States, often to the detriment of other groups—such as Tibetans, Taiwanese independence supporters, supporters of the Republic of China, Uighurs, prodemocracy activists, and other independent Chinese voices with which the Party does not agree. Chinese Americans appointed to such positions in organizations established by the Communist Party have subsequently led protests against Taiwan and Tibet and participated in campaigns to silence Chinese dissidents, such as the exiled billionaire Guo Wengui. For example, a Chinese American who is a vice president of COFA spearheaded a campaign against Guo that was encouraged by officials from the PRC. On a video posted to YouTube, this individual is seen railing against Guo, vowing that he will "not rest" until Guo is returned to China to answer charges against him.[13]

United Front organizations in China have been surprisingly aggressive and transparent in their public tasking of Chinese Americans to carry out activities that support the PRC policies. One example occurred after the 19th Party congress in October 2017. The state-owned *Fujian Daily* reported on November 24, 2017, that representatives of local Chinese community associations based in the United States, Australia, the Philippines, and Europe had gathered in Fujian and received letters of appointment from local provincial and city United Front agencies in China to serve officially as "overseas propaganda agents" on their return to their home countries. These commissions obliged them to accept responsibility for promoting the decisions of the Party's recent national congress in their home countries. The

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article noted that this practice of offering Party commissions to overseas Chinese to work overseas on united front tasks was not new. The president of the United Fujianese American Association (美国福建公所) told reporters: "I have received quite a few letters of appointment on previous occasions, but none for which I have felt such deep significance as the one today. It's a heavy responsibility."[14]

Peaceful Reunification Councils

A key goal of PRC overseas activities is to convince, and sometimes pressure, Chinese in the United States to accept that the PRC government in Beijing is the sole representative of China and Chinese, and that the Republic of China on Taiwan is an illegitimate government. To this end, in 1988, the Party's United Front Work Department founded the China Council for the Promotion of Peaceful National Reunification, and the Washington, DC, Association to Promote China Unification was folded into the council. The DC chapter's assignment was to organize concerts, demonstrations, and other gatherings to support the PRC.[15] Other chapters soon opened, so that by 2018, the council had established thirty-three in the United States and more than two hundred branches overseas. In America, these organizations are generally registered as domestic nonprofit community organizations, even though their leadership in Beijing includes senior members of the Chinese Communist Party. Indeed, an article in the *People's Daily*, the mouthpiece of the Chinese Communist Party, spoke in glowing terms about how useful the Peaceful Reunification Councils were in furthering China's goals of taking over Taiwan, noting that while chapters of the Peaceful Reunification Council complied with US law by registering as nonprofits, they were established to support Chinese government policies and coordinate activities with PRC consulates in the United States.[16] "Over the years, the China Peaceful Reunification Council in Northern California has actively cooperated with the local Chinese consulate to work against 'Taiwan independence' and promote national reunification activities, and has some influence in San Francisco's overseas Chinese community," the Northern California Council candidly notes on its website.[17]

Around the United States, the councils count numerous prominent Chinese Americans as members. For example, one successful California businesswoman was for years the honorary chairwoman of the council in Northern California.[18] While helping promote US-China educational exchanges, this individual has also consistently advocated on behalf of PRC policies in the United States, including China's claims on Taiwan, and has helped to organize demonstrations against "Taiwan independence." She is listed as an advisor to the China Overseas Exchange Association, which is part of the United Front Work Department.[19]

The Chinese government has also sought to co-opt local Chinese American community associations to serve its goals.[20] In the past, organizations such as regional associations, known as *Tongs* (同乡会), had generally been close to the Nationalist government of Taiwan. In San Francisco, however, that began to change as early as the 1980s when Soon Suey

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Sing, one of San Francisco's six major community organizations representing Chinese immigrants, became the first major Chinese group to fly the flag of the PRC on its building. Then a second Tong declared its fealty to Beijing, and a competition broke out between the PRC and Taiwan in San Francisco's Chinatown to see which side could fly the most flags. This competition can be vividly seen from the seventeenth floor of a public housing project overlooking Chinatown, where PRC and Republic of China flags sit atop adjacent buildings stretching into the horizon. The value of these associations to Beijing can be seen in this example: When China's president Xi Jinping visited the United States in September 2015, one of the leaders of San Francisco's local Chinese American community associations was listed as first among twenty prominent Chinese Americans honored by the Chinese president.[21]

Chinese Americans and the Chinese People's Consultative Conference

Several Chinese Americans are so trusted by Beijing that they are direct participants in China's most prominent national united front body, the Chinese People's Consultative Conference (CPPCC). The preamble of China's constitution defines the Chinese People's Political Consultative Conference as "a broadly based representative organization of the united front which . . . will play a still more important role in the country's political and social life, in promoting friendship with other countries and in the struggle for socialist modernization and for the reunification and unity of the country." In practice, the CPPCC has served as an important advisory committee to help legitimize Chinese Communist Party's rule both domestically and abroad.

Beijing has been appointing Chinese Americans to the CPPCC for years. In some cases, authorities in Beijing seem to have had problems finding appropriately influential Americans to take seats on the committee, such as in 2017, when a Chinese property developer and educator (who appears to still be a Chinese citizen) was one of seven "Americans" listed as CPPCC members.[22]

In doling out prestigious positions on the CPPCC, China seeks to show overseas Chinese that prominent members of their community want to be connected with China's government. The American contingent to the thirteenth CPPCC (announced in March 2018) was no exception. Perhaps the most remarkable in years, the list of thirty-five overseas representatives included four highly successful Chinese American academics, scientists, and businessmen.[23]

The appointment of Chinese Americans to positions on this advisory body to the Chinese Communist Party raises difficult questions of divided national loyalty. Americans should, of course, be free to participate in whatever organizations they see fit, since freedom of association is hardwired into the constitutional DNA of the United States. However, the CPPCC is not an independent civil society NGO, but an organization controlled, managed,

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and dominated by the Chinese Communist Party. Members are expected to adhere to the disciplines and goals of the Party and work to strengthen China and the Party's rule of China. Members of the CPPCC are expected to write reports about how their activities have aligned with China's interests and to detail their work on China's behalf.[24] The potential exploitation of Chinese American members in this body by the Chinese government not only risks harming the interests of the United States but also has the potential to harm the security, reputation, and welfare of these Chinese Americans.

A similar quandary could present itself to those Chinese Americans who have chosen to accept positions as consultants for another united front organization, the All-China Federation of Returned Overseas Chinese, which also serves the Party's interests. In 2018, twelve representatives from the United States, including wealthy businessmen and civic leaders, were listed as advisors of the Federation's 10th congress. The Chinese government picked them in recognition of their prominence and efforts in advocating positions friendly to Beijing.[25]

To engender a sense of close support, state-owned Chinese media outlets routinely report about such contacts made between prominent Chinese Americans and senior Chinese officials. There are literally hundreds of such reports in the Chinese-language press about prominent Chinese Americans escorting leading figures from China's united front bureaucracy in the United States or being hosted by them in China.[26] In May 2017, Li Kexin, the deputy chief of mission at the Chinese embassy in Washington, praised the Peaceful Reunification Council's DC chapter for holding a "peaceful reunification forum" in Washington and for opposing Taiwan's independence.[27] Officials from China have also traveled freely to the United States to take part in conferences and activities designed to further China's influence operations in the United States. For example, United Front officials traveled to the United States in November 2016 for the council's annual executive meeting, during which the council pledged to renew its efforts to "oppose Taiwan's independence."[28]

Conclusion and Recommendations

As US citizens, Chinese Americans enjoy the same constitutional rights of freedom of speech, association, and political participation as everyone else, and their exercise of these rights is fully legitimate and protected by the Constitution and law. What's more, it is incumbent on the United States government and American society as a whole not to demonize Chinese Americans for their feelings for and pride in China. However, it is also important that all American citizens be aware that such feelings can sometimes be exploited by an authoritarian regime to advance its goals and interests. Here it is not Chinese Americans who are at fault for having an attachment to their "motherland," but it is the Chinese Communist Party for cynically attempting to use Chinese Americans to further its own interests in the process making overseas Chinese communities vulnerable to distrust.

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While the US government needs to adopt a no-tolerance policy toward attempts by Chinese security forces to travel to the United States to secretly harass, manipulate, intimidate, and monitor China's perceived enemies in the United States, the best antidote to such intrusion is for federal and local governments to do more to strengthen ties to Chinese American communities and to give greater visibility into the various inducements and pressures Beijing exerts on these communities. That the FBI has begun to reach out to prominent Chinese in the United States, offering protection, is a good beginning.

A sustained education campaign is also urgently needed to inform the members of the Chinese American community of the potential adverse consequences of involvement with China's united front activities. Chinese American organizations also need to do a better job of informing themselves about the underlying goals of PRC's united front organizations as there are potential reputational costs of allying with them and losing independence. It can be taken as a positive sign that, for example, the Committee of 100, an organization founded by many illustrious Chinese Americans, has begun to debate the possibility of barring its leading members from accepting positions with PRC united front organizations officially aligned with the Chinese Communist Party.[29]

China's activities in the United States can also be made more transparent by requiring spin-off groups from united front organizations in Beijing to register under the Foreign Agent Registration Act as agents of a foreign power. This would include all of the bureaus of the Peaceful Reunification Council, the China Overseas Exchange Association, and the China Overseas Friendship Association, among others that are, in fact, influence-seeking organizations with political implications run by a foreign state. In addition, Chinese Americans who accept positions in united front structures—such as the Chinese People's Political Consultative Conference—should also be required to register as agents of a foreign power seeking influence in the United States. China has tried to sell these "honors" to the Chinese American community as a costfree way of expressing their sincere feelings of pride in China. However, the reality is that once a person accepts such "honors," along with free travel to China and other emoluments, the Chinese Communist Party will always seek to exact a further price. And where that price creates divided loyalties and results in actions harmful to American interests and values, the US government must respond with appropriate legal and regulatory measures.

NOTES

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9 Conversations with Chinese exiles and businessmen.

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SECTION 4

Universities

American universities have long played a leading role in relations between the United States and China. Ever since the Carter administration first explored the possibility with Deng Xiaoping and other Chinese counterparts of sending Chinese students to the United States in 1977–78,[1] PRC government authorities (like their Republican-era predecessors) have seen American universities as integral to China's economic and scientific development. For the first two decades after normalization, the Chinese government placed a priority on sending students in STEM subjects (Science, Technology, Engineering, Mathematics). Over time, however, fields of study broadened into the humanities, social sciences, and the arts, a change that has mirrored the shift in educational exchange from primarily a state-directed to a private consumer-driven phenomenon that saw an increasing number of middle-class Chinese parents opting to send their children to the United States for liberal arts undergraduate university, and even secondary school education. The net result has been that several million Chinese students have now successfully matriculated through the US higher education system. During the 2017–2018 academic year, for instance, a record 350,755 Chinese students were enrolled in American universities (with an additional 80,000 in high schools),[2] out of a total of 1.5 million Chinese students studying worldwide in the same year.[3] (Altogether, since the late 1970s, an estimated 5.2 million Chinese have attended foreign universities.)[4] Unlike the early years of this epic exchange, a majority of Chinese students have become able to pay full tuition, creating an extremely significant source of revenue for financially stressed American universities and colleges. (Chinese pay tuition worth an estimated $12 billion per year, according to the US Department of Commerce.)[5]

US universities and American society have benefited significantly from this exchange, and from the presence of international students generally. Chinese students have helped to diversify the makeup of US student bodies, they often contribute positively in the classroom, and they have made a real contribution in joint research projects with university faculty. Many have remained in the United States postgraduation to pursue professional careers, build their lives, and become American citizens—a sizable contribution to American society, to the US economy, and to technological innovation and the knowledge base in numerous fields. The engineering, medical, and hard sciences have benefited particularly, but so have the humanities and social sciences. Indeed, those who negotiated the initial educational and scientific exchange accords back in 1978–1979 could never have envisioned how much of a success story US-China higher educational exchanges would become over the next four decades.

For their part, American universities and US scholars have also engaged in China during this period, although in far fewer—but not insignificant—numbers. (For example, in 2015–2016, 11,688 American students and scholars were studying in China.)[6] For those in the field of Chinese studies, it is *de rigueur* to study and do research in Chinese universities. Professional collaboration among faculty—mainly in the sciences and medicine—has also flourished. Some US universities—notably Johns Hopkins School of Advanced International Studies (Hopkins-Nanjing Center), New York University (NYU-Shanghai), and Duke University (Duke-Kunshan)—have gone so far as to establish campuses in China, while others have opened centers (e.g., Stanford, Virginia, Chicago, Yale, Harvard, Columbia). Many more American universities have forged collaborative exchange programs with Chinese counterparts.

While US-China exchanges in higher education have primarily been a success story, as in many other dimensions of the Sino-American relationship, clouds have appeared on the horizon.[7] American students have become less keen than in the past to study in China due to concerns about pollution, lack of open internet access, and expanding political controls. American scholars trying to conduct research in China have run into an increasing number of restrictions and impediments since 2010, due to a broad campaign against "foreign hostile forces" and an increasingly draconian political atmosphere that has cast a shadow across Chinese society, especially over higher education. Whole subject areas and regions of the country are now off-limits to American and other foreign scholars for fieldwork; previously normal interactions with Chinese scholars are now often heavily circumscribed; many Chinese scholars have become reluctant to meet with American counterparts; a growing number of libraries are off-limits; central-level archives have been closed, and provincial; municipal archives are increasingly restricted; interviews with government officials (at all levels) are more difficult to arrange; public opinion surveys must be carried out with Chinese partners, if they can be conducted at all; simple eyewitness social research in rural and, even some urban areas, is considerably more limited than previously. In short, normal scholarly research practices permitted elsewhere in the world are regularly proscribed in China. These restrictions also include the inability to hold open and uncensored public scholarly discussions, conferences, and other kinds of events. Meanwhile, Chinese students and scholars enjoy unimpeded access to all of these activities in the United States, resulting in a severe asymmetry in Sino-American scholarly exchange. This contravenes the spirit of the bilateral US-China educational exchange accords.

At the same time, storm clouds are also gathering on American campuses with respect to another aspect of this important relationship, namely, growing concerns about unfair Chinese "influence-seeking activities" in the United States.

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Confucius Institutes

One of the most controversial aspects of the whole US-China educational exchange is the Confucius Institutes (CI), of which there are now 110 (plus 501 Confucius Classrooms in secondary schools) across the United States.[8] For secondary schools and colleges that have no or little other coverage of China on campus, CIs are an important resource. Sponsored by the Hanban, an organization directly under the Ministry of Education in Beijing, but also with ties to the External Propaganda Leading Group of the CCP Central Committee, the primary mission of CIs is to teach Chinese language and culture abroad. However, faculty and other watchdogs have warned that they may present risks to intellectual freedom by using American universities as vehicles through which to advance Chinese Communist Party propaganda. Accusations leveled at CIs revolve mainly around the exclusive use of PRC materials that promote PRC Chinese viewpoints, terminology, and simplified characters; the avoidance of discussion on controversial topics such as Tibet, Tiananmen, Xinjiang, the Falun Gong, and human rights in American classrooms and programs; and potential infringement on theoretically independent studies curricula on American campuses.

Although proponents of CIs like to compare them with branches of France's *L'Alliance Francaise*, Germany's *Goethe Instituts*, and Spain's Cervantes Institute, they are different in important ways. Unlike these other institutions, CIs are joint operations located inside—and co-funded by—a host university or secondary school for which the Hanban arranges a Chinese university to supply teachers, textbooks, and other materials. The teachers are paid by the Chinese university (and hence do not hold green cards or pay US taxes). Typically, the Hanban provides a $150,000 start-up grant with $100,000–$200,000 per year follow-on funding (depending on the institution) directly to the American university. Secondary schools normally receive $50,000 in initial funding and $15,000 subsequently per annum. Most troublesome are two provisions in the Hanban contracts with US host institutions: One forbids the CIs from conducting any activities that contravene Chinese law while the other requires that the enabling contract remain confidential, making oversight by the academic community difficult.

Some participating American institutions have belatedly had second thoughts about their partnerships. In 2014, the University of Chicago terminated its CI contract with the Hanban after months of controversy among faculty, spurred by a high-profile critical article by an emeritus member.[9] Since that time, at least two additional American universities have also closed their branches (Pennsylvania State University and University of West Florida),[10] and Senator Marco Rubio (R-FL), a leading critic of alleged Chinese "influence activities," has written letters to a number of other Florida institutions hosting CIs requesting that they also be closed.[11] Representatives Michael McCaul (R-TX) and Henry Cuellar (D-TX) called for the same termination in their own

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state, stating in a letter addressed to their state's universities that these organizations "are a threat to our nation's security by serving as a platform for China's intelligence collection and political agenda." They added that, "We have a responsibility to uphold our American values of free expression, and to do whatever is necessary to counter any behavior that poses a threat to our democracy." The Texas A&M system complied with this request by ordering the closure of all CIs.[12] Then, in August 2018, the University of North Florida announced the closure of its CI.[13]

Similar calls have been made in other states, and the 2019 National Defense Authorization Act restricts Department of Defense language study funding if a university hosts a Confucius Institute.[14] Several other universities (including Dickinson State University in Pennsylvania, the University of Pennsylvania, and Princeton University) that had been contemplated opening CIs, have now decided not to do so. At the same time, Columbia University (and elsewhere) has come under criticism, more for lack of transparency than for its specific violative activities.[15] That said, the majority of CIs have so far carried out their mission of language and cultural education without controversy.

In 2014, both the Canadian Association of University Teachers (CAUT) and the American Association of University Professors (AAUP) called on universities to terminate CIs unless their agreements with Hanban were renegotiated to provide for total transparency and compliance with norms of academic freedom.[16] In 2017, the National Association of Scholars (NAS), a politically conservative nonprofit advocacy group,[17] undertook an exhaustive study of CIs in the United States and produced a 183-page report.[18] Echoing the AAUP's recommendations, the NAS urged closing all CIs on the basis of four areas of concern: a restriction of intellectual freedom; lack of transparency; "entanglement" (with Chinese party–controlled institutions); and worries about them being used for Chinese "soft power" or pro-PRC propaganda.

In addition to the above concerns, some have argued that the fact that CI language programs exclusively use PRC textbooks with "simplified" (or mainland-style) Chinese characters biases the contribution CIs make to Chinese language instruction on American campuses. In our view, this is not a serious problem, since students should learn this vocabulary and this form of written characters, so long as the university also provides the opportunity for students to learn traditional "complex" characters (used in Hong Kong, Taiwan, Singapore, and many diaspora communities) and to learn non-mainland vocabulary. A review of the entire set of Hanban textbooks used by CIs undertaken for this report finds they contain no overt political content. Only in one of six levels of textbook was there a single lesson on US-China relations, and it was a speech by former president Barack Obama, in which he asserted that the United States does not seek to "contain" China. Nor have we found *any* evidence of interference by

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CIs in the mainstream Chinese studies curricula on US campuses to date. (See below for our recommendations concerning CIs.)

Chinese Students and Scholars Associations

Chinese Students and Scholars Associations (CSSA) on American campuses maintain regular contact with China's diplomatic missions in the US. Even when these contacts are purely for cultural purposes, the CSSA provides a ready channel or entry point for the political departments of China's embassy and consulates in the US to gather information and coordinate action, which in some cases includes pressuring the behavior of Chinese students. Sometimes pressure is even applied by China's security services on the family members of those students it finds speaking out in unacceptable ways back in China. What is more, Chinese scholars and diplomats have sought to influence on-campus debates in China's favors and have even protested when American universities have exercised their right to invite speakers whom China identifies as unfriendly. Finally, some Chinese students and scholars have exploited the collaborative research environment on US campuses to obtain sensitive American technologies.

Chinese Students and Scholars Associations now exist on approximately 150 US campuses.[19] A second type of on-campus association has also recently started up, the China Development Student Think Tank (CDSTT), with chapters at Syracuse University, Boston University, and George Washington University. As voluntary associations of Chinese citizens on campus, these groups perform many appropriate social functions, such as orienting new students to life in the United States and arranging networking get-togethers. Nonetheless, their links with Chinese diplomatic missions and some of their activities, because of their attempts to interfere with other campus activities and broader political discourse and debate, present cause for concern. CSSAs at Washington, DC, universities make no secret of their ties to the Chinese embassy and receive small amounts of operating funds directly from it. CSSAs elsewhere have similar ties to nearby Chinese consulates, which also provide them with funding, other kinds of support, and surveillance. It has also been reported that Chinese Communist Party cells have been established on several US campuses.[20]

CSSAs often alert PRC diplomatic missions about events on campus that offend official PRC political sensitivities, e.g., speeches or discussions on Tibet, Taiwan, Xinjiang, human rights, and Chinese elite politics. Once notified, the local PRC mission has sometimes contacted university faculty or staff members to prevent such events from proceeding. In some instances, it is difficult to know whether opposition to events originates with a CSSA or the local PRC mission. In 2017, the CSSA at the University of California San Diego mobilized opposition to the chancellor's invitation to the Dalai Lama to be the commencement speaker, which at least some CSSA members ultimately coordinated with the PRC consulate in Los Angeles.[21] After the event finally took place anyway as planned,

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the Chinese government retaliated by banning students and scholars with funding from the Chinese government's China Scholarship Council from attending UCSD. Other US universities have come under similar pressure when they have contemplated inviting the Dalai Lama or his associates to campus. Academic authorities at one Washington, DC, university were even warned by the Chinese embassy that if an event concerning Xinjiang went ahead, they risked losing their Confucius Institute.

CSSAs also serve as a channel of political "peer monitoring" of Chinese students, constraining the academic freedom of Chinese students on campus—and thereby also undermining core principles of free speech and academic freedom. This issue has become more serious over the past several years, as the political environment in China has tightened and Chinese students widely fear that things they say on campus (even in class, at other campus activities, or in private conversations) that contradict official PRC policies are liable to be reported to the Chinese authorities and risk putting their families into jeopardy back home.

A very public example of this kind took place during the commencement ceremonies at the University of Maryland in May 2017, after a Chinese student was selected as the commencement speaker. When Yang Shuping praised the "fresh air of free speech" and contrasted what she had found in the United States with China—and her comments went viral on the internet and social media in China—she received an avalanche of email threats, and her family in China was harassed.[22] Another well-reported incident occurred at Duke University in 2008 when a twenty-year-old female undergraduate student became caught up in a pro-Tibetan independence demonstration. She was vilified online, and her parents were harassed back in China.[23] In other cases, Chinese government authorities have visited students' families in China and warned them about their children's allegedly subversive statements abroad.

In Australia, another kind of disturbing phenomenon has occurred: Several instances have occurred in which Chinese students have recorded professors' lectures that were deemed critical of the PRC and then uploaded them onto the internet, thereby prompting harassment of the lecturers on social media.[24] There is no evidence that this has occurred on American campuses to date. But the presence on campus of a student organization linked to the Chinese government creates an understandable concern that faculty lecturing on politically sensitive topics might fear that their lectures are being monitored and thus self-censor themselves. This prospect is especially concerning when it involves a faculty member who, because he or she needs to travel to China for research or other professional purposes, feels under duress.

Gifts and Grants

Thanks to growing wealth accumulation in China, prosperous Chinese are beginning to develop the practice of philanthropy and to exercise giving both at home and

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abroad.[25] This is potentially a good thing for American universities. Indeed, since 2011, Chinese sources have participated in at least 1,186 donations or contracts worth more than $426 million to seventy-seven American universities, according to disclosures made to the US Department of Education, making China the fifth most active country by number of gifts, and fourth, behind Qatar, England, and Saudi Arabia, in total monetary value of gifts. (These disclosures are only required of universities that accept federal aid, and the figures also include funds from Taiwanese sources.)[26]

All US institutions of higher education cultivate lifetime giving from both graduates and their families. Given the numbers of Chinese students matriculating from American universities and the wealth of many of their families back in China as well as their own potential career earnings, Chinese students have become a growing priority for university development officers. Indeed, some Chinese families also seem to believe that they can ensure, or at least enhance, their children's chances of acceptance into top colleges through charitable gifts.[27]

Given the government's extensive role in China's economy, acceptance of all Chinese gifts and grants requires due diligence that should be above and beyond the standard practices currently employed by universities for other charitable giving. This is obviously the case when funding comes from the Chinese government itself, for example via the Hanban (the oversight body of the Confucius Institutes), which doles out research grants via its Confucius China Studies Program,[28] the "Young Sinologists" program of the Chinese Ministry of Culture and Chinese Academy of Social Sciences,[29] and, in one instance, the endowing of a faculty position at Stanford University.

Chinese corporate and private donors are now also starting to pour millions of dollars into the US educational system, think tanks, and nonprofit organizations. Given that privately owned companies in China exist and prosper at the sufferance of political authorities there, even seemingly independent actors are often likely to act at government direction or in ways that they believe will please the government. Major mainland Chinese and Hong Kong companies and individuals with active business ventures in China have now pledged or donated substantial funds to US universities.

This is also the case with some Hong Kong-based or US-based foundations that are linked directly or indirectly to the Chinese government or to enterprises and families that have prospered with the help of the Beijing government. The most notable case is the China-United States Exchange Foundation.[30] CUSEF was established in 2008 on the initiative of former Hong Kong chief executive and shipping magnate Tung Chee Hwa (C.H. Tung) who continues to be the chairman of the foundation. Tung is also the vice chairman of the Chinese People's Political Consultative Conference (CPPCC), China's highest-level "united front" organization[31] and he attended the Communist Party's 19th Congress in October 2017. Moreover, the number of mainland-based members of

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the foundation's official advisors and the foundation's easy connections with Chinese government organs belie the foundation's assertion that it is independent of the Chinese Communist Party and the PRC government.

CUSEF undertakes a range of programs aimed at Americans that can accurately be described as "influence-seeking activities"; as such, it has registered in the United States under the Foreign Agent Registration Act (FARA). Its lobbying activities include sponsoring all-expense-paid tours of China for delegations composed of what the foundation's website refers to as "thought leaders," including journalists and editors, think-tank specialists, and city and state officials.[32] CUSEF has not often collaborated with American universities and think tanks, but it recently offered funding to the University of Texas at Austin for its China Public Policy Center. However, after receiving criticism from Senator Ted Cruz (R-TX) and others, the university declined the grant.[33] CUSEF grants have generally gone to leading US think tanks, such as the Brookings Institution, the Carnegie Endowment for International Peace, and the Asia Society.

There have not yet been many offers by Chinese donors—private, corporate, or government—to fund faculty positions or centers for Chinese studies on US campuses, although many universities are believed to be seeking such gifts. In one instance in 2014, a leading Washington, DC, university was approached by a Chinese university with a proposal for a $500,000 *annual* grant to establish a Center for Chinese studies in partnership with the Chinese university.[34] The Chinese side had three main conditions for the grant: (1) that a series of Chinese officials and other visitors would be given public platforms for frequent speeches; (2) that faculty from the Chinese partner university could teach China courses on the US university campus; and (3) that new Chinese Studies courses would be added to the university curriculum. The Washington-based university turned down the lucrative offer, on the advice of its Chinese studies faculty.

In August 2017, the Johns Hopkins University School of Advanced International Studies (SAIS) announced that it had received a substantial gift from CUSEF for an endowed junior faculty position, as well as program funding for a "Pacific Community Initiative." SAIS administrators stated that there were no political or other strings attached to these grants, despite media insinuations to the contrary.[35] At Yale Law School, the China Law Center founded in 1999 was renamed the Paul Tsai China Center after receiving a $30 million endowment from Joseph C. Tsai, a Taiwanese Canadian billionaire who is a cofounder and executive vice chairman of the China-based Alibaba Group.[36] Tsai, an alumnus of Yale College and Yale Law School, made the gift in honor of his father, also an alumnus of Yale Law School.

China is not the only authoritarian government that has given or facilitated gifts to American academic institutions or think tanks, but it is the wealthiest. There is no evidence so far that any of these gifts has compromised the independence of the recipient institution. But the trend toward large gifts from Chinese sources,

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many with some kind of government linkage underscores the need for vigilance in enforcing a stricter code of due diligence and transparency on the part of university administrations and faculties.

Pressure on University Administrations

There are a large number of successful exchange programs between American and Chinese universities. Three US universities have developed campuses in China (Johns Hopkins, Duke, NYU), more than one hundred universities participate in cooperative-education programs in China, and countless US faculty members participate in collaborative projects with Chinese colleagues (principally in the sciences). These relationships have not been easy to establish or maintain, but they have generally been successful. A 2016 report by the Government Accounting Office, which reviewed the cooperative programs of twelve American universities, found that the universities "generally indicated that they experienced academic freedom," while noting that self- and internet censorship remains a problem.

In recent years, the outlook for these collaborations has deteriorated in line with broader restrictions on academic freedom on Chinese campuses. In 2013, and commensurate with CCP Central Committee Document No. 9, universities were reportedly instructed to avoid discussing topics including "universal values" and civil rights,[37] and admonitions against teaching of Western values have continued. Since 2017, foreign university collaborative institutions have been required to institute Communist Party committees and place a Party secretary on their management boards.[38] In July 2018, the Ministry of Education ended 234, or one-fifth, of its international university partnerships. More than twenty-five programs with American universities were among them.[39]

The Chinese government has demonstrated a penchant for turning to these collaborations as points of leverage when US universities have hosted the Dalai Lama or held other events deemed politically sensitive or offensive to the Chinese government. In such instances, existing collaborative exchange programs have been suspended or put on hold, planned visits of university administrators have been canceled, programs between university institutes and centers have been suspended, and Chinese students wishing to study at these US institutions have been counseled to go elsewhere. Such punitive actions resulting from campus visits by the Dalai Lama have been taken against Emory University, the University of Maryland, the University of California–San Diego, and others. In the case of the University of Maryland, which hosted the Dalai Lama in 2013, there was temporary fallout, and then following the 2017 graduation incident the Chinese government again halted cooperation, seriously damaging one of the most extensive exchange programs with China.

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Such cases establish a worrying precedent of Chinese intrusion into American academic life. The message from China to US universities is clear: Do not transgress the political no-go zones of the Chinese Communist Party or government, or you will pay a price. Sometimes the pressure is overt; other times it is more subtle and indirect, but no less alarming. Some American faculty members report troubling conversations with university administrators who continue to view Chinese students as such a lucrative revenue stream that it should not be endangered by "needlessly irritating Chinese authorities."

Censorship and Self-Censorship

The final category of troubling Chinese influence on American campuses involves the vexing issue of self-censorship among faculty and students in Chinese studies.[40] In a much-quoted essay, Perry Link described censorship within China as the use of vague threats to induce academics, writers, and others to self-limit what they say; he called this "the anaconda in the chandelier" syndrome.[41] More recently, the phenomenon has begun to loom over scholars working outside China, and the Chinese government has started deploying a variety of techniques to also encourage self-censorship beyond China's borders, including in the United States. In some cases, this syndrome has led to outright self-censorship of academic work. To cite some of the most egregious examples:

- Denial of visas to qualified scholars and students seeking access to China for research or training purposes. The State Department estimates that fifteen to twenty individuals are on an outright "black list," while scores of others appear to be on a "gray" list, where denials are less absolute and sometimes temporary or limited only to certain categories of visa. But being cast into the "gray" status helps create exactly the kind of uncertainty about what behavior might lead to visa denial, thus inducing self-censorship in the hopes of not offending anyone further, much less turning one's status from "gray" to "black." In other words, the power to withhold or deny access through the issuance of visas affords the Chinese government a full spectrum of powerful control mechanisms over scholars.

- Denial of access to interviewees, archives, libraries, and research institutes, even when visas are granted.

- Restriction of visiting scholar status for American researchers to a few institutes under the Chinese Academy of Social Sciences, Chinese Academy of Sciences, and some universities. Other think tanks and research institutes do not permit foreign resident researchers. At the same time, it should be noted, Chinese researchers from a wide variety of institutes are free to regularly come to US universities and think tanks for short- and long-term stays.

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- Attempts to control the agendas, participant name lists, what is written, and what is said at joint scholarly conferences held in China, and now sometimes even in the United States. (A recent technique is to require that a talk or paper by an American participant in a Chinese organized event be handed over to the organizing group for vetting well before the event itself, so a participant can be disinvited, if necessary.)

- Restriction of internet and email communications when in China.

- Monitoring, even following, some American scholars by security services while in China.

- Demands for censorship by foreign publishers of their digital content as a condition for allowing it to be made available online in China.

- Insistence on censorship of Chinese-language editions of foreign books by the State Press & Publishing Administration. This places foreign authors in the difficult position of having to acquiesce to such censorship in order to have translations of their books published in China.

- Censorship of online archives of PRC journals and publications, such as the China National Knowledge Infrastructure (CNKI) database. American universities each pay tens of thousands of dollars annually for access to these electronic databases. However, recent research has shown that CNKI in particular is now "curating" its catalogs and holdings by deleting articles the current government appears not to wish to see remaining in the historical record.[42] Since American universities have started to dispose of paper copies of many of the journals carried in CNKI (China National Knowledge Information) periodical index, this amounts to PRC distorting the historical record, not just for China but for the entire world.

In addition to these specific restrictions affecting American scholars, the PRC government also influences the field of Chinese studies in the United States (and elsewhere) via controls over key regions of their country (especially minority areas such as Tibet and Xinjiang) and by putting no-go zones around a wide variety of research subjects within the broader areas of politics, religion, ethnography, and civil society that cannot be researched in-country. As a result, American professors cannot themselves work in these areas, nor can they in good conscience advise their graduate students to work on these subjects either because of risk to the researcher's career, as well as to the human subjects whom researchers would be observing or interviewing. Such restrictions have real consequences for the open future of Chinese studies around the world.

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Conclusion and Recommendations

US-China academic exchanges are valuable to both China and the United States and should be maintained and developed. However, in doing so, universities must be alert to the risks of engaging with the Chinese government, institutions, and funders and be proactive in applying a higher level of due diligence and vigilance as a defense of the core principle of academic freedom, especially when conflicts take place at home in their own universities.

Promote Transparency

Confucius Institutes We do *not* endorse calls for Confucius Institutes to be closed, as long as several conditions are met. US institutions should make their CI agreements public to facilitate oversight by members of the university community and other concerned parties. Those agreements, in turn, must grant full managerial authority to the host institution (not on a shared basis with the Hanban), so the university has full control over what a CI teaches, the activities it undertakes, the research grants it makes, and whom it employs. The clause in all Hanban contracts that CIs must operate "according to China's laws" must be deleted.

If these standards cannot be attained, then the CI agreements should be terminated. Furthermore, universities should prevent any intervention by CIs in curricular requirements and course content in their overall Chinese studies curricula or other areas of study by maintaining a clear administrative separation between academic centers and departments on the one hand, and CIs on the other. Finally, universities must ensure that all public programming offered by their CIs conform to academic standards of balance and diversity and do not cross the line to become a platform for PRC propaganda, or even a circumscribed view of a controversial issue. In fact, this report would suggest that universities not permit Confucius Institutes to become involved in public programming that goes beyond the CI core mission of education about Chinese language and culture. To go beyond these two categories invites opportunities for politicized propaganda.

Apply Due Diligence To minimize the risks just identified, universities must rigorously apply far stricter due-diligence procedures to scrutinize the sources and purposes of gifts and contracts from China to ensure that they do not interfere with academic freedom. Universities accepting gifts from Chinese nationals, corporations, or foundations must insist that there be no restrictions on academic freedom. Foreign donations should continue to be welcomed, but universities must ensure that the conditions of acceptance are reasonable, consonant with their principles, subject to oversight, and do not allow the program to become a beachhead for inappropriate influence. It is important that all universities exercise high standards of due diligence and not only scrutinize the source of the gift but consider the implications of such

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things as naming rights. Above all, they must insist that the terms of each gift impose no restrictions on academic freedom. The activities of all chairs, centers, and projects funded by Chinese support need to be fully transparent and supervised by independent faculty committees and university administrators, who must bear in mind that even when a joint project, research grant, or gift has undergone due diligence and has no explicit or evident strings attached, it can still produce a natural sense of obligation because no institution wants to offend a generous donor. This is a problem, not restricted to grants from China, but one that is deeply entrenched in the fund-raising structure on which American institutions of higher education depend for their well-being.

Defend Academic Freedom Faculty governance is the core technique for protecting academic freedom in American universities and is the key to their leading role in research and teaching. It takes various forms in various institutions, but its key principles must be applied consistently to interactions involving China. Transparency must be maintained in the terms of a university's contracts with all outside actors, whether individuals, foundations, donors, or collaborating institutions such as the Hanban, which funds Confucius Institutes. Such actors must be subject to regular oversight by faculty bodies and by administrators answerable to faculty bodies so that faculty, students, visiting scholars, and others associated with the university in an academic capacity will have uncompromised freedom of speech, research, teaching, and programmatic activities.

Universities and their associated institutions—such as university presses—must refuse all forms of censorship of—or interference in—their publications, conferences, curricula, participants in events, and other academic activities. Some universities have formal rules barring such censorship, but they need to increase awareness, training, and enforcement. Other universities may need to enact or update such rules. While maintaining the openness of US universities to Chinese students, scholars, and researchers, universities should push for reciprocity from Chinese partner institutions with respect to various forms of research access.

In short, universities should enhance protection for faculty and students—especially international students—from interference in their academic freedom, and campuses with large numbers of international students from authoritarian countries should introduce training for students on their academic rights in the American educational system, and on the proper distance that independent student organizations should maintain from government actors. Finally, universities should provide a confidential complaint procedure for students who feel they have come under pressure that threatens their academic freedom, and university advisors should stand prepared to counsel and assist these students to deal appropriately with such pressures.

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Promote Integrity

Be Alert to Risks The primary risk is of inappropriate influence over admissions, course content, and program activities stemming from the influence of Chinese government-linked donors, diplomatic missions, student groups, and institutions. This is not a new challenge for US university administrators and development officers. They have dealt with political quid pro quos from donors from South Korea, Taiwan, Japan, Israel, Russia, Kuwait, Qatar, Saudi Arabia, and other countries in the past and currently, and American universities have long learned how to refuse donations with strings attached. This historical experience and the existing safeguards should also help inform and guide US universities when it comes to dealing with this new wave of Chinese money. Faculty and administrators must continue to protect the open debate, diversity of opinion, freedom of expression, faculty autonomy, and transparency on which the health and reputation of their institutions are based. Funding from Chinese sources should be as welcome as funding from other sources, but only to the extent that fundamental academic values can be maintained and protected.

A second risk is a loss of sensitive or proprietary technology through academic instruction of cooperation. There are indications that the US government is now strengthening measures to protect the theft of sensitive technology and intellectual property that is being developed on US campuses. These measures may require heightened screening and, in some cases, outright denial of visas to individuals from certain state-run institutions or even from certain sensitive research fields. Such calls have understandably prompted concern from the academic community fearing that this will undermine the principles of academic freedom, hinder collaboration, and deny American universities access to a rich talent pool. These reservations are merited and require that any tightening of visa categories be as narrow as possible. For their part, universities will of course have to comply with whatever regulations are imposed. They should, additionally, proactively review and update their procedures for protecting both proprietary and classified research. They should also enter into far closer collegial discussions with one another, relevant professional associations, and government agencies to collectively refine solutions to the difficult problem of balancing the pursuit of innovation and academic freedom with preventing the theft of technology and other IP.

To meet these challenges, American universities may need to update their rules and intensify faculty and researcher training and institutional oversight for protection of proprietary research information. Some US universities refuse to accept contracts for classified research. Those that do accept such contracts must comply with government regulations for the protection of research findings. But all research universities conduct research that produces valuable intellectual property, which is proprietary in various proportions to the funder. And so, it is necessary for the university and

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researchers to intensify efforts to protect their proprietary intellectual property from loss.

Promote Reciprocity

The academic community nationwide should work toward a common set of principles and practices for protecting academic freedom and promote greater reciprocity. To prevent influencers from using divide-and-conquer strategies (by rewarding some institutions while punishing others), it is important for the national academic community as a whole to come together to formulate and implement these principles. US universities should not only work together but they should also work with other universities around the world to develop a "Code of Conduct" for acceptable and unacceptable practices in academic exchanges with Chinese institutions and funders. (The section on think tanks in this section recommends similar measures.) The academic community and government should also monitor instances where Chinese entities may acquire financially challenged American colleges outright, ensuring that their academic integrity is not compromised.[43]

Universities can and must continue to play a positive role in the US-China relationship. Indeed, by introducing international students to American life and values, and connecting them to new personal and professional relationships, universities are arguably the important means by which the United States exercises its soft power. Generally—but not always—individuals undergoing such an experience take a more positive view of the country. Unfortunately, as Chinese students contribute much, not least monetarily, to American universities, universities have been too slow to help them integrate themselves more organically into campus life. As a result, Chinese students report unacceptably high levels of depression and isolation or simply clubbing up with each other.[44] While acting to mitigate the risks of improper interference, universities must not forget their obligations to these students nor lose sight of the far greater opportunity to advance cooperation and understanding.

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SECTION 5

Think Tanks

Think tanks play an unparalleled role in shaping American public opinion, media narratives, and US government policy. For this reason, they are high-value targets for lobbying and influence activities by foreign governments and nongovernmental actors, including those from the People's Republic of China.

Think tanks in the United States date to the early twentieth century, when industrial capital and private philanthropy (led by the likes of Andrew Carnegie, John D. Rockefeller, Andrew W. Mellon, and Henry Ford) began to endow private nonprofit research institutions at a time when there was increasing government demand for expertise on a growing range of public policy issues. Over the past century, think tanks have come to play ever more vital roles in the American public policy process, and they contribute both directly and indirectly to public education, a richer public dialogue via the media, greater civic engagement, and better-informed government policy formulation.

Of the approximately 1,800 think tanks in the United States today, about half are research institutions located within US universities. For the purpose of this section, however, only those think tanks located in nonuniversity private sector settings are considered. Most of these think tanks and research institutions enjoy tax-exempt status under section 501(c)(3) of the Internal Revenue Code, which stipulates that they are restricted from legislative lobbying as "action organizations." Institutions that receive this tax-exempt status must either be charitable philanthropic organizations or research organizations (think thanks) that operate in a supposedly nonpartisan way and in the general public interest. Because they are largely privately funded through donor contributions, US think tanks compete tenaciously for support, professional expertise, and public impact.

Roles of Think Tanks in American Society

The universe of think tanks in the United States is very diverse, and each think tank performs different missions for different audiences and clients through different means of output. Four roles are especially relevant to discussions of Chinese interest and potential influence seeking.

The first and most important role is educating the public and better informing the "policy community." The majority of mainstream think tanks consciously perform these functions through a variety of mechanisms: publishing books, articles in

journals, shorter "policy briefs," or "op-eds," and by contributing to policy "task force" reports on specific issues; holding public seminars, briefings, and conferences; speaking to the print, television, radio, and electronic media; and maintaining informational websites that disseminate publications of the think-tank videos of events on a worldwide basis.

The second role is to influence government policy. This is done through face-to-face meetings with government officials, providing testimony before congressional committees, track-two discussions, emails and other communications aimed at targeted audiences, and a wide variety of publications.

The third role, undertaken by some, but not all, US policy think tanks, is to provide specific research on a contractual basis for government agencies that is generally not for public consumption.

The fourth role is to provide personnel to go into government service for fixed periods of time through the famous American "revolving door," whereby think tanks become "governments in waiting" for ex- and would-be officials until just after an election, when there is usually a large-scale turnover of personnel in Washington as each new administration is formed.

In American think tanks, selection of general research topics can be influenced by outside sources (management, external funding agencies, or government policy shifts). But the final selection is usually subject to mutual agreement, and the findings of research are not supposed to be dictated by outside pressures. At the same time, both US think tanks and university research institutes are expected to maintain analytical independence from their funders. If the funding body does seek to interfere with a research project or promote its own agenda, there is an established expectation that its funding should be rejected. More often than not, there is a process of mutual consultation between researcher, think tank, and potential external funding bodies—through which interests are de-conflicted and grants are negotiated to the mutual satisfaction of all parties. While this is the optimal scenario, there have been cases revealed in the US media in recent years in which such principles were abridged.

The Role of China in American Think Tanks

It is against this general backdrop that the role of expanding Chinese influence on American think tanks needs to be considered. What follows are the findings gleaned through interviews with seventeen think-tank analysts from eleven Washington- and New York–based think tanks[1] that explore the nature of interactions that US think-tank specialists have recently been having with Chinese counterparts. The analysts are all

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recognized China experts (with the exception of one who is more broadly an Asia expert but has extensive experience with China-related projects) who have served as directors of programs or centers in their respective institutions. About half have served in the US government. One directs a think tank that is partially supported by Chinese government funds. The interviews were all conducted in 2018.

China has become a priority field for US think tanks concerned with international relations, and most now have staff members (often several) devoted to researching and publishing on China. Many possess PhD degrees, Chinese language skills, and have lived in or visited China over many years with some originally from the PRC. Some stay on staff for many years, while others work on short-term (two- or three-year) contracts. Most think tanks also employ student research assistants and interns (including those from China).

There is significant interaction between American and Chinese think tanks—as think-tank researchers need to visit China as well as host and receive visitors in the United States to be well informed and to perform their own research work. Most interviewees reported hosting or participating in ad hoc meetings in their home institutions with visiting Chinese officials or scholars on a regular basis; although two do not host any meetings with Chinese, they will attend such events if hosted by others. All but one of the interviewees travel to China for their work: to deliver lectures, to participate in conferences or Track 1.5 or Track 2 dialogues, and to do research for articles, books, and reports.

A number of scholars noted a marked shift in the nature of their interactions with Chinese colleagues and research projects over the past few years. While long-standing Track 2 dialogues continue on issues such as cyber policy, nuclear policy, and US-China interactions in third countries and regions, overall they seem not as open, robust, and productive as in the past. Indeed, several long-standing Track 2 dialogues have been curtailed or stopped altogether—with scholars reporting that it is increasingly difficult to establish sustained dialogues that are meaningful with Chinese think tanks because of new rules, restrictions, and uncertainties. For instance, Chinese institutions (both think tanks and universities) must now obtain central-level government approval, such as vetting dialogue topics and foreign participants, before being able to host foreign participants in China. New Chinese government regulations generally limit Chinese think-tank scholars and university professors to one foreign trip per year, and even go so far as to hold passports to make even personal travel more difficult.

When dialogues do occur, another noticeable recent trend has been a decline in candor and greater uniformity in what Chinese interlocutors say. One US think tanker noted, "The conversations have declined in productivity," while another commented

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that he had "moved away from Track 2 because China does not have much to say beyond the Xi Catechism. Even in private conversations, we are not getting anything interesting." And yet another indicated that he no longer participates in many joint events because they need to be "framed in a way to fit the Chinese narrative, including the speakers, agenda, topics and writing." Achieving true candor in such dialogues with the Chinese side has long been difficult, as Chinese interlocutors routinely stick to "talking points" and stock slogans, stay strictly "on message," and are afraid to say anything in front of their peers that might subsequently get them in political trouble back home.

One US analyst commented that at a recent conference in Beijing, Chinese scholars demonstrated little interest in putting forth ideas for cooperation, a marked change from earlier meetings. This individual believes that tensions in the US-China relationship are at least partially responsible. And it is not only the Americans who see less utility in such dialogues. One Track 2 initiated by the Chinese side concerning global norm cooperation ended abruptly when the Chinese said they did not see any productive benefits, despite the willingness of the US side to move forward with the project.

While these are long-standing problems, they have gotten demonstratively worse during the Xi Jinping era. As one think tank scholar commented, "Collaboration has become much more difficult, more authoritarian, and finding a common definition of a program is more difficult. We could usually find areas on which to work collaboratively, but there is a gap in worldview." One US think tank analyst who directs an innovative program to foster dialogue among rising American and Chinese strategic thinkers, which used to be hosted alternately in both China and the United States, has moved the program entirely out of China because of the repressive political atmosphere. Another institution has transitioned away from cooperative projects with China to emphasize bolstering the capacity of other countries in their dealings with China.

Many US think tank scholars have also become concerned that the relationship between Chinese and American scholars has regressed into a one-way street—with Americans providing intelligence to Chinese interlocutors, whose main purpose is to take the information back to their government. Indeed, some Chinese interlocutors arrive in the offices of American think tanks with barely disguised "shopping lists" of questions, which are presumably set by government "taskers" in Beijing. This is a regular occurrence, but it tends to spike when a high-level governmental visit or summit meeting is pending. A related Chinese goal is to transmit Chinese government policy perspectives to American think-tank counterparts.

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Since 2010, American (and other foreign) researchers have encountered a progressively more restrictive research environment in China. One American scholar noted that a previous research project that involved on-the-ground interviews across many provinces was no longer possible. The registration and information requirements of the 2017 Law on the Management of Foreign NGOs is part of the problem, she believes, by severely constraining opportunities to conduct joint projects and research in China. It has also become exceedingly difficult to arrange interviews with Chinese think-tank scholars and government officials; many institutional libraries are now off-limits; central-level archives are inaccessible with provincial and local ones also increasingly circumscribed; survey research is impossible (unless in partnership with an approved Chinese counterpart, which is increasingly hard to find); and other bureaucratic impediments make it increasingly difficult for foreign think-tank researchers to undertake their basic jobs of researching China. At the same time, Chinese researchers working in the US are able to schedule appointments easily with their American counterparts and government officials, enjoy open access to American libraries and government archives, are able to conduct surveys anywhere, and may travel freely around the United States to do field work.

US Think-Tank Centers in China

Only two American think tanks operate real satellite centers in Beijing, and one does so in Hong Kong. Both Beijing centers are cohosted by, and located on, the campus of Tsinghua University. One has a robust program of research by Chinese fellows, brings in people from the think tank's other centers, has a young ambassador program for Americans and Chinese, and boasts a "wide open internet." One center uses its facilities primarily for presentations from the resident fellows and other visitors. Some talks are open to the public, but most are restricted to faculty and graduate students. The center's ambitions were originally greater: for example, to host a set of annual conferences with senior experts and officials on both sides. However, the Chinese side could not live up to its side of the bargain, demanding that senior US officials attend while not delivering Chinese officials of equivalent rank.

These two centers have also become caught up within the increasingly strained US-China relationship as well as the tightening political atmosphere inside China. According to one affiliated research fellow, "connections with the center are a liability because institutions and people can cause you problems if you don't say the right things." At least one of the centers in Greater China has occasionally limited its public programming from addressing sensitive political issues, because it did not want to jeopardize the institution's presence in China and Asia. Yet that think tank's other staffers and fellows have also proved adept at circumventing political restrictions by,

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in one instance, inviting a well-known Hong Kong activist denied access at one center event to participate in an event at the US headquarters later.

Chinese Outreach to US Think Tanks

Chinese outreach to American think tanks takes several forms, including via embassy and consular officials, Chinese think-tank scholars, and representatives of China's state-run media.

Embassy and Consular Officials

Chinese embassy and consular officials meet frequently with many (but not all) of the interviewees. Sometimes their aim is to assess Americans' views on particular issues or offer feedback on particular articles (generally those that are critical of China). In one case, for example, a Chinese official stated that a particular analyst's understanding was "too gloomy," and in another that a scholar "didn't have the correct data." One think-tank scholar noted that Chinese officials use both threats and praise to try to influence her. On the one hand, they took her to lunch and expressed "concern with her mind set" indicating that she just "just do[es] not understand the situation." But embassy and Chinese government officials can also be effusive in their praise and offers of assistance, suggesting that she "knows too much about Chinese policy."

Oftentimes officials ask for meetings with think tankers to transmit messages after important Communist Party or government events. After the annual meeting of China's legislature (the National People's Congress) in 2018, for example, one think-tank analyst was invited to lunch, only to endure an hour-and-a-half lecture on how US media and analysts misunderstood the new change in presidential term limits and Xi's reform efforts. Another was visited by military attachés from the Chinese embassy in an effort to convey China's opposition to the Taiwan Travel Act, US Defense Authorization Act, possible prospects for US Navy ship visits, and submarine sales to Taiwan. In concluding his stern warnings, one attaché warned: "We are no longer weak, and can inflict pain on Taiwan, if the United States is not careful and does not abide by the Three Communiques."

On other occasions, Chinese embassy officials ask for meetings to warn think tanks against hosting speakers on topics often related to Taiwan, Hong Kong, or Tibet. Several think-tank analysts reported that they or others in their institutions had received calls from senior Chinese embassy officials regarding projects related to the Dalai Lama, in one case stating, "This is very troubling—it will have consequences." As far as the analysts were concerned, however, there turned out to be no consequences. Another received a complaint from the Chinese embassy after the think tank hosted

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a delegation from Taiwan's Democratic Progressive Party (DPP)—but again there were no discernible consequences. In a separate case, a senior Chinese Ministry of Foreign Affairs official warned that a particular interactive website focusing on Chinese security issues was "anti-China." In response, the think tank invited contributions by a prominent Chinese think-tank scholar: "The content of the website didn't change, but the official didn't complain again." In another instance, the Chinese government withdrew an offer to a US think tank to host Foreign Minister Wang Yi after that think tank refused to disinvite a Taiwanese speaker for a separate event.

Chinese officials have also requested that US think tanks bar certain scholars or NGO activists from participating in discussions with senior Chinese officials. When Chinese Foreign Minister Wang Yi spoke at one high-profile Washington think tank, the embassy requested the guest list in advance and then demanded that several individuals—including at least one senior China scholar—be disinvited. The think tank refused. In yet another case involving the director of the National People's Congress Foreign Affairs Committee, Fu Ying, a US think tank was strongly advised to exclude a well-known China specialist as a condition for a meeting going forward. Think-tank analysts report that in most cases, but not all, such requests have been rejected and events continue as planned.

Generally speaking, PRC visitors either steer clear of or limit their contact with think tanks that have strong relations with, or extensive funding from, Taiwan. One analyst who writes extensively on Taiwan and PRC-Taiwan relations finds that Chinese officials typically do not engage with him. At one time, there was a conflict between an event that he was hosting for a Taiwanese official with a significant event that same afternoon hosted by a colleague that featured very prominent Chinese and American officials. The Chinese embassy instructed them to move the Taiwan event, but they refused. Both events took place with no apparent negative repercussions.

Think Tank to Think Tank

As noted above, Chinese officials and think-tank counterparts reach out to American think-tank China specialists for the purposes of information/intelligence collection and influencing US policy debates. One Chinese scholar reported to an American think-tank analyst that that every time an American expert meets with a Chinese interlocutor, a report is written afterward. Another Chinese visitor indicated to a leading Washington think-tank expert that China's Foreign Ministry has staff dedicated to tracking the activities and publications of about twenty leading American-China specialists.

Any number of Chinese think tanks sponsor meetings and conferences in China and the United States with American counterparts. In some instances, the Chinese

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partners are well-known government entities. The Chinese Institute of Contemporary International Relations and the University of International Relations, both of which have links to the Ministry of State Security (MSS), host conferences on US-China relations and/or Track 2 dialogues. So do the Foreign Ministry–affiliated China Institute of International Studies, Chinese People's Institute for Foreign Affairs, and the China Foreign Affairs University. The Charhar Institute is also involved in such activities, although its institutional linkages are unclear.

More recently, Chinese think tanks professing to be independent from direct government control have begun to actively engage US counterparts. The think-tank Intellisia is one such organization that has sponsored dialogues with US scholars. The Center for China and Globalization is another such "independent" think tank, with more than a hundred researchers and staff. According to several think-tank analysts, its founder and head, Wang Huiyao, actively solicits invitations to speak in US think-tank settings. In May 2018, however, Senator Marco Rubio publicly questioned why Wang's CCP affiliations—most particularly his work with the CCP's United Front Work Department as a standing director of the China Overseas Friendship Association—were not mentioned as part of his biography in an invitation to an upcoming event at a DC-based think tank. Despite the fact that the think tank planned to acknowledge Wang's position during the panel presentation, given the ensuing public scrutiny, Wang dropped out of the event. He later appeared, however, at another US think-tank event without his government affiliation noted and without provoking attention from any member of Congress. For such "independent" Chinese think tanks, organizing conferences can give them a significant boost in prestige at home. One Chinese think-tank director informed an American think-tank analyst that he received several hundred thousand dollars from the university's party secretary as a bonus for bringing such a prestigious delegation of Western China watchers to China.

Finally, a group of several senior Chinese government officials and think-tank scholars from different institutions has emerged as an important generator of China-US think tank cooperation. This group includes such well-known figures as Fu Ying (director of the NPC's Foreign Affairs Committee), Wang Jisi (director of Peking University's Institute of International and Strategic Studies), Yuan Peng (president of CICIR), and Wang Wen (executive dean of the Chongyang Institute for Financial Studies at Renmin University), who are all well funded and able to pay for the activities of the Chinese side, as well as travel and hotel stays for Americans who participate in their projects in China.

Fu Ying emerges as the senior figure in a growing number of US-China interactions. According to several think-tank analysts, she works hard to structure projects in ways to ensure the best possible outcome from the Chinese perspective. This includes, for example, partnering primarily—although not solely—with scholars who are

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considered to be more favorably disposed to the Chinese government perspective and ensuring that those with challenging views are excluded. One analyst noted that former Hong Kong chief executive C.H. Tung's and Fu's relationships with US think-tank scholars and presidents provide them with frequent opportunities to speak before large public audiences at prestigious American venues and to advance an official Chinese narrative while gaining a certain added legitimacy at home.

Fu is also explicit in her desire to cultivate relations with think-tank experts she believes may enter government. Following the election of Donald Trump, she "rushed in to see" one think-tank analyst with ties to the new administration and a flurry of embassy officials followed. However, when it became evident that said analyst would not be going into the administration, there was no more interest. In addition, at a meeting around a project on US-China relations advanced by Fu, she noted that she hoped some of the people would be entering the government; otherwise it would not prove to have been worth much to have done the project.

Chinese president Xi Jinping has also encouraged Chinese think tanks to "go global"—establishing a presence within the United States and other countries as a way "to advance the Chinese narrative." In 2015, the Institute for China-America Studies (ICAS) set up shop in Washington, DC, as a 501(3)(c) nonprofit organization. ICAS is funded by the Hainan-Nanhai Research Foundation, which receives its seed funding from the National Institute for South China Sea Studies, a Chinese government–supported entity, as well as from the China Institute of the University of Alberta, Nanjing University, and Wuhan University. The head of ICAS, Hong Nong, retains ties to these institutions. ICAS maintains a small staff of researchers as well as a diverse board of international experts from China, the United States, Canada, Australia, and Indonesia. ICAS projects focus on the central issues of the US-China relationship, including US-China cooperation, maritime security, North Korea, and trade relations. Hong herself focuses on the South China Sea and the Arctic policies of non–Arctic Council member countries, of which China is the largest and most significant. The institute also holds an annual conference.

While President Xi's call to establish think tanks was contemporaneous with the establishment of ICAS, Hong has made it clear that the decision to set up ICAS in DC came as a result of an effort by her and some of her colleagues both in China and in Canada to understand better how American think tanks operate. She was asked to lead ICAS, and she then selected a board of directors, as well as advisory members. She views the mission of the think tank as being to serve as a bridge in perception between the United States and China. Hong does not want people to view the institute as advancing a Chinese government perspective or as wearing a "Chinese hat," but she believes that in DC there are too few voices that reflect a Chinese (not necessarily

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government) perspective. While she acknowledges that there is not much diversity in the nature of the views represented by ICAS—there is no overt criticism of Chinese government policies—she is hopeful that once ICAS gains greater standing, it will be able to attract senior scholars from other institutions with a greater range of views to write for its website.

More recently, Chinese publishing entrepreneur Zhou Zhixing has established the US-China New Perspectives Foundation, with offices in both Los Angeles and Washington, DC. As of yet, these offices have no track record of activities or publications. It is likely that more such think tanks initiated with or without formal Chinese government support will follow in the United States.

Think-Tank Funding

Different US think tanks have different funding models. At least one type (Federally Funded Research and Development Centers, or FFRDCs) is funded entirely by the US government, while several others accept some US government funding, as well as money from other governments on a contracted work basis. Three think tanks interviewed accept no US or other government funding: One is funded entirely by central operating funds from an endowment, while two others rely on a mix of foundation and private support. One think tank's work is funded entirely by foundations. Most interviewees allow Chinese funders to pay for travel and meeting costs to Beijing for conferences, while a few categorically do not—either because of regulations or on the principle of conflict of interest.

At least one think tank differentiates between funding that is dedicated to its work in Washington and that which supports its center in China. For the center in China, a US-based scholar has raised funds from the China Development Bank, Huawei Corporation, and private entrepreneurs from Hong Kong. This same think tank has a "China Council" of donors (including Chinese Americans, but no Chinese nationals) that supports the think tank's activities. Some US institutions refuse to accept funds from China-based commercial entities, although they are occasionally willing to accept donations from their US-based subsidiaries. Other think tanks, however, accept funds from Chinese corporations and individual businesspeople. One has taken money from Alibaba America for a particular event celebrating the fifteenth anniversary of WTO accession; another has taken money from the Chinese real estate firm Vanke for a project on the environment. A Chinese businessman, Fu Chen, supports work at one China center that also has several prominent Chinese businesspersons on its board. One has an advisory council with Chinese Americans, and yet another think tank is building an advisory council that will include Chinese, but only those who have become American citizens. (This analyst is also considering accepting private Chinese money but not money from Chinese state-owned enterprises.)

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C.H. Tung and his China-US Exchange Foundation (CUSEF) have emerged as a leading funding source for several think tanks, providing financial assistance for a variety of projects ranging from supporting book research and writing, to funding collaborative projects, to promoting exchanges. CUSEF's work in this area extends back to the mid-1990s (for more on CUSEF, see the section on universities in this report). The interviewees differ, however, in their assessments of whether CUSEF funding reflects direct linkages with Beijing. As one analyst noted, "C.H. is a special figure because he is half Hong Kong and half PRC." Another commented that he currently has the potential to undertake a joint project with C.H. Tung and will "probably do it for the money and the contact." Another has accepted funds for work on cultural exchange and climate change, while yet another is far more circumspect, describing Mr. Tung as an "open united front agent" in his capacity as vice chair of the Chinese People's Political Consultative Congress. Many of the partnerships CUSEF establishes in conjunction with US think tanks represent efforts to find common ground, particularly in line with PRC initiatives and policies, for example: "The New Model of Major Power Relationship Research Project 2014," "Taiwan Arms Sales Research Project 2014," and the "Pacific Community Initiative."

CUSEF also funds a number of annual exchange programs, including for members of Congress, state and local officials, historically black colleges and universities, as well as several journalist delegations, including one for students of journalism. CUSEF often partners with the Center for American Progress, the American Foreign Policy Council, and the East-West Institute. However, each partnership is different. The Center for American Progress, for example, pays its own way in its work with CUSEF. CUSEF also funds projects with think-tank analysts who are not China scholars, such as a project on US-China relations in the Arctic. One think-tank analyst who was involved in the CUSEF-funded "Creating a Pacific Community" project became uncomfortable with the overall orientation of the project and dropped out.

C.H. Tung is personally proactive, often visiting the United States and meeting with think-tank experts. On one occasion, he encouraged an American scholar to write an article together with a noted Chinese scholar on the South China Sea. He also offered to establish a massive program with one institute in which the think tank would train Chinese Party School officials on free market economics (the idea was eventually rejected by the think tank). In addition, CUSEF has funded the publication of at least two books in which US analysts were involved. In both cases, the analysts state that C.H. was "hands-off" in the process. Yet, in another instance, when a US scholar approached the CUSEF for possible funding of a major book on US-China relations, the foundation insisted on two conditions: that half of the contributors be Chinese scholars, and that the foundation would have the right to review the manuscript prior to publication. The American scholar in question refused these conditions and looked elsewhere for support.

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Taiwan's TECRO also supports work at several think tanks. In rare cases—because one usually excludes the other—US think tanks end up accepting funds from both Taiwan and mainland China sources.

Visa Access

Most American scholars consider travel to China an important element of their ability to do their job—attending conferences, participating in delegations, and undertaking independent research. Given this imperative, the issue of visa access is a central one. While most analysts receive single-entry professional exchange (F) visas, a few routinely receive one-year multiple-entry F visas, while some have ten-year tourist (L) visas. Others receive double-entry visas, if proof of specific invitations are produced. One US think-tank scholar, a Chinese national, travels to China on a Chinese passport. While ten-year multiple-entry tourist visas are, of course, optimal—there is also a serious potential downside: namely, that they are for "tourism," and, according to Chinese law, professional activities are not permitted. One senior scholar who holds a ten-year tourist visa was recently visited and interrogated at his hotel in Beijing after several days of meetings with Chinese think tanks and universities.

Several think-tank analysts expressed the opinion that Chinese officials are now paying more attention to the writings of American think-tank analysts—not only books, articles, and op-eds, but also social media. This is done not only to become familiar with changing views but to catalog who is supportive and who is critical of China's policies. One scholar believes that, as a result of a comment posted on Twitter, this individual was required to go to the Chinese embassy for an interview before being granted a visa. This had never happened in his previous decades of China-related travel. In another instance, Beijing attempted to enforce its sovereignty claims through the visa process. A visa was initially denied because an American scholar had stated that "Hong Kong" and "Taiwan" were places he had previously visited, instead of "Hong Kong SAR," and "Taiwan, China." Most of the scholars interviewed believe that the process of gaining a visa has become much more politicized and difficult in the past year or two, with much more scrutiny given to an applicant's political views. Among those interviewed, only one think-tank scholar reported actually being denied a visa. (However, there have been reports of other think-tank analysts being rejected who are reluctant to go public about their denials.) In addition, most of those interviewed observed that the Chinese embassy now often issues visas the day before or even the morning of departure, making the visa process laborious and nerve-racking.

Two interviewees reported that companies that specialize in expediting visa applications have indicated that their respective think tanks are on a blacklist that makes obtaining visas problematic. In one case, an interviewee related a case in which

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a junior researcher was told not to list the think tank as her place of employment on her visa application or it might be rejected. (To avoid this scenario, the senior researcher reached out to a Chinese official to pave the way and the visa was issued.) In another instance, a visa expediter was banned from doing business with the Chinese embassy after it informed a think tank that it had landed on a list making it difficult to get visas.

A senior Chinese official told one think-tank analyst that responsibility for reviewing visa requests has shifted from the Ministry of Foreign Affairs to the Ministry of Public Security, thus creating many delays and difficulties. One US think-tank scholar reported that he has not only been advised on a number of occasions not to even apply for a visa but also has had a planned invitation to a conference hosted by an American company revoked because the Foreign Ministry told the company not to invite him. Others have been granted visas only for "personal" trips, with the proviso that they do no public speaking nor meet with anyone outside of family members or cultural figures.

Think-tank scholars report that on several occasions, when one member of a delegation has been in danger of not receiving a visa (or not receiving it in time), reaching out to the Chinese Embassy or consular officials (in one case threatening to cancel the delegation) has resulted in a favorable disposition. Two think tanks now routinely reach out to Chinese officials before submitting applications in order to pave the way. Nonetheless, a few think-tank analysts are concerned about being beholden to the embassy or the consulate and the shadow such dependency casts on their ability to continue their work. One analyst indicated that although he is asked to help other members of the think tank with their visa issues, he does not want to be in debt to the embassy and therefore does not offer to help proactively.

Chinese Media and Think Tanks

The Chinese media offer both opportunities and pitfalls to American think-tank analysts. A significant part of a think-tank analyst's job is to influence official and public opinion—and the media, whether Chinese or Western, is an essential part of that process. Think-tank analysts are under no illusion, however, that the Chinese media can be trusted to present their ideas as they are delivered. As one interviewee underscored, "The desire of Chinese media is to make Americans see things the Chinese way—in a positive and beneficial light—and to present positive American views to the Chinese public. You have to be prepared that the Chinese media will have leading questions and know that they will not include critical things." One senior US scholar has had multiple experiences of censorship, and one case of fabricated quotations, by Chinese newspapers. It is also apparent that Chinese journalists

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increasingly flood public events put on by US think tanks in Washington, using the events as press conferences and to pose leading questions. While Western reporters are not immune to this type of behavior, the Chinese media undertake such distortions in a far more systematic manner, with a pointed political agenda that is usually determined by the government's current political "line."

With this in mind, US think-tank analysts have developed a varied set of approaches to their interactions with the Chinese media. Some see the Chinese media as an opportunity to get their views across to the Chinese public, even though, as one think tanker acknowledges, he knows he may be censored in "inappropriate ways." Another stated that despite the obvious biases, he still gives a lot of interviews—to CCTV, CGTN, Xinhua, People's Daily, and the Shanghai Media Group, among them. At least one claims that while he does frequent CGTN interviews, he has never been censored.

Several US think-tank scholars indicate that they keep track of their interviews, and if they are misquoted, they stop speaking to that journalist. One notes that he refuses to do interviews on sensitive political issues, such as party congresses. Another indicates he will only do live television as a hedge against being censored, while another indicates he will only be interviewed in written email form. Two analysts refuse to give interviews to Chinese media at all, with the exception of those that occur in the immediate aftermath of a public talk when an analyst is approached by Chinese journalists. In one case, an analyst reported that Xinhua conducted an in-person background interview after she refused to write an op-ed, but she was willing to share her views (which were negative). Xinhua then drafted a full, positive-sounding op-ed in her name, which they planned to publish without her approval. She successfully blocked it, and her institute now has a blanket ban on interviews with the Chinese press unless there is a special reason. This is intended to send a message that they do not believe the Chinese media can be trusted.

The opportunity to earn money through interviews was mentioned by one scholar. She noted that CGTN pays $150 per interview. The network warned her, however, that if she was too critical of the Chinese government, she would not be invited back. CGTN also indicated that she should be "more like" another think-tank analyst who had become a regular on CGTN.

Writing and Publishing in China

The majority of the think-tank analysts who have been interviewed for this section have refused to write op-eds for Chinese newspapers, with several stating that they have had bad experiences in which content has been censored. One scholar reports several instances of pieces being commissioned by *Global Times*, only to have his piece spiked after submission because of its controversial content. Others, however, have

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written for Chinese publications and have not experienced any such issues. Several analysts noted that they have heard that their articles and reports have been translated into Chinese in *neibu* (internal circulation) channels for consumption by think tanks and government officials. One interviewee commented that if what she writes is positive, it is published openly; if it is critical, it is only published internally.

A number of interviewees also reported that their work had been improperly published on Chinese websites. Sohu has taken think-tank reports and put them online without permission; one analyst forced the company to take them down from the web. Another scholar reported that a Chinese think tank at one point claimed she was one of its fellows and posted bogus content on its website that it alleged she had written.

While some of the think-tank scholars interviewed have had their books translated into Chinese by mainland presses, most have not. A growing number do not try, recognizing that significant parts of their books would never make it past the censors. When informed privately by the translator of her book that large portions were being excised, one scholar halted the Chinese publication process. Another scholar battled for two years with the Chinese publisher after the contract had been signed between the Western and Chinese publishers. The State Press and Publishing Administration demanded more than seventy deletions, finally settling on five with the agreement of the scholar. In the end, however, the Chinese publisher informed the scholar's publisher that the book could not proceed to publication because of "unfriendly remarks" the scholar had been making in the media. Most US scholars simply do not bother with mainland publishers and look for publication opportunities in Taiwan or Hong Kong. Several US scholars believe that there are pirated copies of their books or at least partially translated copies available within China. At least one scholar found that a search on Baidu yielded half of her most recent book online.

Not all scholars are willing to sacrifice the opportunity to be published in China. One analyst reported that a senior non-China expert at their think tank permitted his book to be published in China, even though several pages had been mistranslated and the editors had actually created some new passages that did not exist anywhere in the original text. Even the title and subtitle of the book, as well as the author's own professional title, were incorrectly identified.

Public Voice

The issue of censorship also arises in the context of how think-tank analysts present their own views publicly, especially when in China. On the whole, think-tank scholars show determination to raise sensitive topics and be forthright in presenting their views. But it is an understandable human instinct to want to be polite and diplomatic while still conveying one's own views honestly. As one scholar, who also does a lot of

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consulting, noted, "Access to China is my livelihood." At the same time, he argues, "I never say anything contrary to my views, but I write in a way that is less shrill."

Another scholar noted, "I don't self-censor, but there is no need to launch a polemic every day of the week . . . polemics get your visa cut off. China's greatest power is the power of visa control." A third commented, "I don't censor the substance, but I may modulate what I say." He argued that he sometimes indulges the sensibilities of the PRC in order to get his deeper point across. As another analyst noted, "I avoid sensationalizing. I am willing to be critical, but I try not to make attacks on Xi." And different interviewees distinguish between writing and speaking: "I do not compromise on writing, but I am cautious in interviews: I will say the same message but indirectly, not confrontationally." One analyst said, "I make sure that if I go into battle, I do so thoughtfully, not accidentally." She tries to be very strategic about the messages that she sends and tries not to weigh in on every small issue or bluntly charge, "You are wrong!" In a similar vein, one other scholar says he often uses an interrogatory, rather than accusatory, approach when raising challenging issues, such as human rights.

The knowledge that what an analyst says publicly reflects not only on the individual but also on the analyst's institution also shapes at least one scholar's thinking: "There is a conflict between protecting your institute and speaking truthfully. Whether it is over access or money. Sometimes I put the positive first—and then say . . .'but some people say.' I might not start right off with Xi Jinping—I might be more indirect. In public meetings, there is a tacit understanding that you will not be super critical of China." Another suggests that it is "very hard not to subconsciously self-censor." This person indicated that when their institute does projects on counterterrorism in the Middle East or Southeast Asia, they are very careful about discussing China's restive region of Xinjiang where up to one million Uighurs are presently believed to be in reeducation camps. In general, they do not take on projects concerning Taiwan or Xinjiang.

Interviewees expressed a deep sensitivity around the issue of Taiwan and how to refer to the island and its officials. One analyst observed that in an invitation, his institute would not identify Taiwan's representative to the United States as an "ambassador," but during the event, he would indeed orally introduce the official as the "ambassador." Or as another scholar noted, "I am tactful but keep to my original point of view. I don't change the substance. On Taiwan, in private conversations, I use President Tsai—but I also maintain neutrality in public to ensure that is acceptable to Taiwan and the PRC."

Two analysts stated that they do not self-censor "at all." They understand the temptation, but they try to write and say in public exactly what they would in private.

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Pressure from Think-Tank Boards or Outside Influencers

Interaction between think-tank analysts and the members of their institution's boards of trustees varies significantly. Some engage frequently, socialize, and consult on China-related issues—while others have virtually no contact. Only three interviewees reported incidents of attempted interference. In one case, a prominent former board member complained to the head of the think tank about an article that was "too tough" on China. However, no pressure, besides the obviously intimidating impact of having a piece of writing singled out by an overseer, was brought to bear on the scholar. In another case, a board member tried to pressure a think-tank president to avoid hosting the Dalai Lama, but failed. A third instance involved the Hong Kong political activist discussed earlier. The tendency can also work in the other direction. One scholar indicated that his board is very involved and has lately become tougher on China in recent years, focusing on "how do we still counter China, yet still engage."

Chinese Nationals in US Think Tanks

American think-tank analysts differ in their assessment of the risks and rewards for hosting Chinese scholars as visiting fellows or employing Chinese nationals on staff, with most suggesting that it is better to have them inside the think tanks to understand how they are thinking and working. One analyst said he "assumed some or all would be interrogated" when they returned to China. "RAND," he said, "should be worried." One researcher noted that she is "careful to keep Chinese nationals from attending sensitive meetings featuring US officials or military officers," but otherwise welcomes them to events.

Only one Washington think tank hosts Chinese scholars on a regular and continuous basis (although Washington-based universities do so more often), including them in programming and most meetings, even when funded by a Chinese host institution. Scholars at this institution view them as valuable for gaining insights and for training purposes. Another think-tank analyst who has hosted visiting fellows from China pointed out that two prominent Chinese scholars who spent time at their institution went back and wrote "important papers." Still, some expressed concern over all the "bright young Chinese showing up on Mass [Massachusetts] Ave." and the potential that they might have for reporting back to Beijing. The scholar noted that think tanks want young people to "plow through the Chinese literature," and this means hiring Chinese nationals, Chinese Americans, or Taiwanese because of their language abilities. Some analysts expressed concerns that think-tank analysts who are of Chinese nationality (either nationals or American citizens) may face special pressures from the imputation that as ethnic Chinese, they are susceptible to Chinese influence and control.

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Broader Concerns

Think-tank analysts voiced a range of concerns around the issue of Chinese influence–seeking activities in the United States. One is the deliberate effort to manage US perceptions and to frame issues in ways that are favorable to the Chinese Communist Party. As one analyst noted, "This requires pushback, which is tough work." While many believed that they could adequately defend themselves against efforts to influence them, noting as one did that the "the general capacity of US society to push back is not bad," they worried about their colleagues who were not knowledgeable China experts and might therefore be more easily deceived. For example, one scholar pointed out that with US-China cooperation, the incentive is to come up with shared values and ideas. He noted that in the case of the Sanya Initiative (the US-China dialogue featuring retired military officers from both sides), he has had to "talk them (the American participants) off the ledge; they think they are being tough, but they are mistaken." This same analyst sees the American media as complicit in echoing Chinese perspectives, noting that when Xi Jinping delivered his speech in Davos in January 2017, few reporters understood that the Chinese were in the midst of a major propaganda campaign to promote globalization 2.0. He also suggests that there is "de facto self-censorship" of entire areas of scholarship: human rights for one. Another analyst noted that outside of the National Endowment for Democracy, she does not see much foundation interest in normal discourse in this issue either.

One scholar worried about growing Chinese control over all areas of US-Chinese interaction: "The Chinese are following people, bugging our hotel rooms. There is imbalanced control that serves CCP interests not ours. There is lack of serious training by the US side on how to deal with Chinese influence." The potential for Chinese money to give China leverage over American think tanks also provoked a degree of anxiety. Several scholars expressed concern over funding issues, noting that reliance on a single funder with an agenda makes scholars vulnerable. In addition, one scholar worried that the amount of money China is spending to promote its views, whether through think-tank cooperation or the Chinese media (such as CGTN paying for its interviews) means that China will ultimately be able to "buy its way in."

A number of analysts believed that the involvement of the US government in these issues will only make things more contentious. There is concern that Washington will overreact. As one analyst noted, there is a type of "binaryism in Washington, in which you must be 'for or against' China; you are either friendly to China or producing stuff that says China is evil." This scholar, along with several others, raised the issue of the rise of anti-China sentiments, such as the "yellow peril" and McCarthyism, and expressed concern about Chinese Americans and anyone who has interests with China coming under attack. One analyst mentioned the Committee of 100, a collection of prominent Chinese Americans, as being particularly vulnerable to unfair attack.

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Another analyst noted that we need "a granular view on issues of sharp power." He pointed in particular to Confucius Institutes, arguing that he would not accept Confucius Institute–sponsored research, but was fine with language training, although it would be better to get them off campuses. He laughed at the idea that they were "effective instruments of Chinese propaganda." Along these lines, a few individuals indicated that they were less concerned about Chinese influence in the social sciences and more concerned about reports that Chinese students and postdocs in scientific research labs bring restricted technologies back to China.

Finally, there were calls from some analysts for far more reciprocity than currently exists. These analysts felt that the playing field between the two countries was out of balance and argued that there should be a much stronger dose of reciprocity and "hardball" in US-China exchanges, arguing that the American side should curtail or cut off contacts until Chinese institutions were willing to operate at a level of openness similar to that found in their American counterparts.

Conclusion and Recommendations

American think-tank scholars working on China face an increasingly challenging research environment. But in this challenge, they are hardly unique. Members of the media and the civil society/NGO world also share similar, even more daunting, challenges. The process for obtaining visas has become more onerous; the quality of engagement with Chinese counterparts has declined and become more difficult; and opportunities to do field-based research, as well as archival work, have diminished. Track 2 dialogues are viewed with increasing skepticism as to their value by more and more US scholars and policy specialists, who find their Chinese colleagues ever more unable and/or unwilling to share their perspectives in an open and meaningful manner. Many think-tank analysts are responding by limiting their Track 2 efforts and changing the way they conduct their research.

At the same time, a small but growing group of well-funded Chinese scholars and officials are proactively seeking to shape the American narrative and American views of China. They are doing so by supporting and funding joint projects with American partners in ways that reflect Chinese government priorities, but they give them the opportunity to choose and work with only those American scholars viewed by China as sympathetic to China's goals. To date, these efforts do not appear to have influenced the US debate over China in a significant manner, but it is important to be aware of the money and effort being thrown at the endeavor.

Chinese funding of American think tanks remains limited. C.H. Tung, through his China-US Exchange Foundation, is to date the most common source of financial support, although most report his funding as "hands-off." A few Chinese companies

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have also bankrolled a limited number of American think-tank activities. However, American think tanks with centers in China have actively engaged in fund-raising from mainland Chinese sources. With only a few exceptions, American think-tank analysts do not foresee that Chinese money will become a significant factor in their work at home any time soon, although because of endemic funding shortages at most nonprofits, worries about reliance on Chinese money are not unfounded.

Chinese media relentlessly solicit American think-tank scholars' opinions for consumption within both the United States and China. At least one outlet pays participants for their time and makes it clear that criticism of China is unwelcome. Censorship of written work is common, even expected, so that few interviewees expect to have their books published in China. American think-tank analysts appear most annoyed when their work is illegally and/or incorrectly published on Chinese websites. In most instances, they seek to have the work taken down from the web.

American think-tank analysts have a highly developed understanding of Chinese efforts to influence their views —whether in the form of heavy-handed criticism from the Chinese embassy for an article or a proposed meeting with someone like the Dalai Lama, a Hong Kong dissident, or via more subtle efforts that arise through joint projects funded by Chinese partners. To the last one, all interviewees for this study indicated that they refuse to be pressured into changing their practices. Some think-tank scholars acknowledge that they try to be diplomatic in their public discourse on China—but insist that they do not change their overall message, only their tone or choice of wording. Some argue that they save their tough language to deliver the most important messages. But some also admit to acceding to Chinese demands on how to present Taiwanese officials in public settings—such as in the announcements of a meeting on the think tank's website—but then adopting the Taiwanese preference during the meeting itself. The general view—although not shared by all—was that seeking to avoid unnecessarily insulting or upsetting the Chinese is the better strategy. But most agreed that the arena of acceptable parlance was shrinking and that pressures were growing.

As an antidote, the American think-tank community should understand that its position is one with significant leverage. Chinese officials and scholars seek to use think tanks as venues for visiting Chinese officials, as legitimating partners for Chinese-supported research projects that will influence the American narrative, and as important sources of information concerning the changing US political landscape. The American scholars should celebrate their principles of independence, use the leverage their institutional frameworks provide to resist incursion, and constructively push for greater reciprocity. Some specific recommendations include:

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Promote Transparency

- Think tanks should—in partnership with universities—jointly and regularly produce summaries of difficulties in China-related research (access to regions, agencies, persons, visas, etc.) and make these available to each other and to US officials. The latter, in turn, should be mindful of the reciprocal nature of think-tank work and how the inability of American scholars to secure meetings with Chinese officials and scholars when Chinese scholars are afforded such privileges is harmful to the stability of the overall relationship.

- Think tanks should publicly disclose the source of funding for events, publications, and other activities. If think-tank leaders elect to solicit funds from Hong Kong or mainland Chinese sources, they should be transparent about from where the money came and how it is being used, to ensure that there is no opportunity for the Chinese funder to harmfully affect the research agenda or outcome.

Promote Integrity

- A Code of Conduct should be worked out among US think tanks—perhaps in conjunction with American university China studies centers—to establish "do's and don'ts" in their exchanges with Chinese institutions. Once this is worked out among American institutions, then counterparts in other democratic countries should also be approached with an eye toward establishing multilateral Codes of Conduct.

Promote Reciprocity

- US think-tank representatives—the presidents and senior China scholars—should arrange a meeting with the Chinese ambassador to express their collective perspectives on these issues and call for changes. Such a meeting could be usefully coupled with a jointly signed letter of concern by directors of all major US think tanks.

- If any member of any think-tank delegation is denied a visa, the delegation should cancel the trip. It sends a profoundly wrong signal to proceed, if China is able to control the composition of a delegation. The think tank should also consider a moratorium on Chinese officials visiting or speaking at the think tank until the visa issues are resolved. The same principle may be applied to Chinese think tanks that refuse to receive American scholars for visits. In such cases, US think tanks should seriously consider not hosting residential stays for Chinese visiting scholars from institutions that do not offer parallel opportunities for American scholars in China. (At present, only the Chinese Academy of Social Sciences and the Shanghai Institute of International Studies permit foreign scholars in residence.)

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- The US government should not unilaterally grant Chinese think-tank or university scholars ten-year visas, as it has been doing, without exacting across-the-board reciprocal treatment for US think-tank and university scholars. At the same time, the US government should also advocate consistently on behalf of US think-tank and university scholars who have been barred from visiting China.

Two core values cut across all of our concerns: *freedom of speech* and *reciprocity*. As a democratic society, we should tolerate *no* infringements—overt or covert—on our freedom of speech and freedom of analysis concerning China. A "leveling of the playing field" in terms of upholding the principles and practicalities of reciprocity in our exchanges with Chinese counterparts is needed, because it is an essential part of making the relationship both more equitable and reciprocal and more stable and thus durable.

NOTES

1 These include: the American Enterprise Institute, Asia Society, Carnegie Endowment for International Peace, Brookings Institute, Center for American Progress, Center for Strategic and International Studies, Council on Foreign Relations, International Peace Institute, Institute for China-American Studies, Kissinger Institute on China and the United States, and Stimson Center.

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SECTION 6

Media

When the Xinhua News Agency leased a massive sign in Times Square in 2011 and then agreed to a twenty-year lease for a new US headquarters on the top floor of a Broadway skyscraper, it was clear that, as analyst He Qinglian put it, "The Chinese have arrived."[1] Xinhua's foray into Manhattan was followed by a website of the *People's Daily*, the mouthpiece of the Communist Party, which set up shop in the Empire State Building.[2]

At a time when Western media outlets are challenged by the internet and weakened by uncertain business models, China's rise as a major player in the media landscape around the globe has become all the more worthy of attention. The Chinese government's campaign to "grab the right to speak" from Western media outlets and independent Chinese voices, which it accuses of distorting news about China and sullying China's image, has come with a rapid expansion of China's English-language media operations, a concerted campaign to control overseas Chinese-language media, and ongoing efforts to block attempts by Western media to contend inside China. Xinhua News Agency journalist Xiong Min summed up the motivation for China's new campaign in 2010. "The right to speak in the world is not distributed equally," she wrote. "Eighty percent of the information is monopolized by Western media."[3] It was time, she said, to end that monopoly by means of what China has called the Grand External Propaganda Campaign (大外宣).

Since coming to power, President Xi Jinping has overseen the intensification of this external propaganda blitz, which was launched in 2007 by former Party general secretary Hu Jintao. As Xi told the November 2014 Foreign Affairs Work Conference in Beijing: "We should increase China's soft power, give a good Chinese narrative, and better communicate China's messages to the world."[4] This is the task CCP propagandists have now undertaken in an increasingly fulsome way. On February 19, 2016, Xi visited the headquarters of the *People's Daily*, Xinhua News Agency, and China Central Television, where he again stressed the importance of external propaganda work.[5] At the August 2018 National Meeting on Ideology and Propaganda, Xi stated: "To present good images, we should improve our international communication capability, tell China's stories well, disseminate China's voice, show an authentic

and comprehensive China to the world, and raise the country's soft power and the influence of Chinese culture."[6] External propaganda work has long been an important foreign policy instrument for the Chinese Communist Party and the People's Republic of China, but under Xi it has become a top priority of China's party-state.

State Media

China's Communist Party and government have a long history of trying to influence international opinion. Over the years, the themes of its external propaganda have varied substantially—usually in parallel with dramatic fluctuations in its own domestic political campaigns (运动) and related slogans (口号), shifts in ideology (意识形态), meta propaganda narratives (提法), and substantive elements in China's diplomacy (外交). The shifts in Beijing's propaganda lines (宣传路线) throughout PRC history have been dizzyingly consistent, but they are always important to follow as indicators of the country's direction.

During the 1950s, Communist China used organizations such as the China News Service, a successor to the Party's International News Agency (founded in 1938), to appeal to overseas Chinese for support of the new revolution. The Party placed this news service under the State Council's Office for Overseas Chinese Affairs. Other propaganda campaigns targeted allies in the Western world, such as black nationalist figures from the United States like Robert Williams, who were given airtime on shortwave broadcasts from Beijing, and a few Western writers and journalists, like Edgar Snow, Felix Greene, and William Hinton, who were offered rare, and sometimes lucrative, peeks behind the Bamboo Curtain.

During the Cultural Revolution, from 1966 to 1976, Beijing's propaganda outreach to overseas Chinese slowed, as the Party persecuted those in China with foreign ties. But following the arrest of the Gang of Four in 1976 and the economic reform program led by Deng Xiaoping in the early 1980s, the Party once again directly engaged with the overseas Chinese community as well as with mainstream Western society and media, appealing to all comers to help China modernize. In 1980, the Party formed the External Propaganda Group (对外宣传小组) and placed it under the Propaganda Department of the CCP Central Committee. Zhu Muzhi, the former chief of the Xinhua News Agency and a vice minister of propaganda, was its first head. In 1991, the group was transferred to the State Council, where it was still internally referred to as the External Propaganda Group. For foreign consumption, however, it was called the State Council Information Office.

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From 1980, Beijing added to its stable of foreign-facing propaganda publications—such as *Beijing Review, China Reconstructs*, and *China Pictorial*—by starting or reopening more than twenty periodicals, including the English-language *China Daily,* the overseas edition of the *People's Daily,* the overseas edition of *Outlook* (望), and the *Voice of China* (华声报). The Party also resumed publishing material for overseas Chinese. During the Cultural Revolution, the number of magazines targeting overseas Chinese had shrunk to ten, whereas by the end of the 1980s, it had surpassed 130. Before 1982, the state-run Xinhua News Agency had focused almost solely on providing news to domestic Chinese clients. In 1983, however, it also began sending news to international clients. The China News Service, which had suspended operations during the Cultural Revolution, also resumed work, sending hundreds of stories a day to overseas Chinese-language media. Today the CNS employs more than two thousand people worldwide, working out of forty-six bureaus. The Party directed its media outlets in their overseas work to support socialism with Chinese characteristics, push the policies of reform and opening up, and oppose hegemonism, or, in other words, fight against Western ideological control.

In the run-up to the 2008 Beijing Olympics, China's propaganda agencies redoubled their efforts to "grab the right to speak," or gain "discourse power" (话语权). The worldwide torch-lighting ceremony touched off free-Tibet rallies and other human rights protests that angered Chinese authorities and some Chinese as well. An anti-CNN movement began in China, alleging that Western media outlets were distorting "China's story." This was the genesis for what has come to be known as the Grand Overseas Propaganda Campaign (大外宣), first promoted by the administration of Party Chief Hu Jintao and Premier Wen Jiabao. The *International Herald Leader,* a publication of the Xinhua News Agency, reported in 2009 that foreign propaganda work had been elevated by the Party to a "systematic, strategic position," the goal of which was to "grab back the right to speak, and improve China's international image."[7] Reports that had first surfaced in Hong Kong's *South China Morning Post* in 2009, that China had earmarked $7 billion for the campaign, were soon repeated by the Chinese media, most notably in the March 14 edition of *Phoenix Weekly.*[8]

The Grand Overseas Propaganda Campaign has been grand, indeed, with Chinese sources reporting hundreds of millions of dollars being spent on a multitude of projects designed to bolster China's image. The expansion of the Xinhua News Agency is but one example. From 120, the number of Xinhua bureaus around the world has now grown to more than 200[9] and its client base has expanded to more than 1,450. What is more, it now reports in seven languages and competes directly with all the major wire

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services of the world. In the United States, Xinhua doubled the number of bureaus, adding Chicago, Houston, and San Francisco to its original footprint in Washington, DC, New York, and Los Angeles. Xinhua, like other state-owned Chinese media outlets, also began hiring local talent, and in 2009 it began a TV broadcast in English.

As part of this vigorous propaganda campaign, the Party has sought to turn China Central Television into a global competitor to CNN. CCTV was already airing in America as of 2004, when it cooperated with EchoStar, America's second-largest satellite TV company, to launch the Chinese "Great Wall Platform" package, including twelve Mandarin channels, two Cantonese channels, one Hokkien channel, and one English channel. That same year, Rupert Murdoch's News Group helped CCTV place programming on Time Warner and NewsCorp's US television network. CCTV also expanded its offerings in the United States, growing its bureau in Washington and hiring American reporters too. By 2012, CCTV, recently renamed the China Global Television Network (CGTN), was broadcasting in seven languages. Its programs for American audiences regularly feature personalities from Russia's state-funded propaganda outlet, RT, which was recently required to register as a foreign agent; RT, in turn, regularly features CGTN personalities.

China Radio International (CRI) was also given a foreign platform. Decades ago, the Beijing-based propaganda outlet relied solely on shortwave broadcasts to beam China's message to the world, but in the late 2000s it began leasing local stations around the globe and across the United States that it supplied with content made in Beijing. CRI has used a US-based company through which it leases stations. That firm is EDI Media Inc. (鷹龍傳媒有限公司), which also owns other media properties that tow Beijing's line: G&E TV (環球東方衛視), G&E Studio Network (環球東方電台), and EDI City Newsweek (城市新聞週刊).[10] A CRI subsidiary in China, Guoguang Century Media, holds a majority stake in G&E Studio.[11] When it comes to reporting on mainland China, the content of all of EDI's outlets mirrors that of China's state-owned media.

China's state-run media have proved to be nimble in accomplishing Beijing's goal of penetrating US markets. In 2013, the Hong Kong–based Phoenix Satellite TV group, which has close ties to the Chinese state and broadcasts in China, attempted to purchase two major FM stations in Los Angeles that shared the same frequency. One of them, KDAY, covers West L.A., while KDEY stretches into Riverside and San Bernardino counties to the east of the city. Greater Los Angeles is home to more than a half million Chinese, the second-biggest concentration next to New York City. But none of the

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region's Chinese-language radio stations are particularly loyal to Beijing, representing either independent Chinese voices or those supporting the banned religious sect, Falun Gong. According to sources close to the deal, Phoenix structured the offer to avoid a US law that limits foreign ownership of US radio stations to 25 percent. In filings with the Federal Communications Commission, Phoenix was listed as owning 20 percent of the US-based investor, RBC, while the remaining 80 percent was owned by an editor at Phoenix who is also a US citizen.[12] Under such a setup, no FCC regulations would have been broken. To be extra sure that the deal would go through, however, advisors to Phoenix convinced the Hong Kong company to seek approval from the Committee on Foreign Investment in the United States (CFIUS), a Treasury Department bureau that monitors foreign investments in the United States on national security grounds. In a ruling that surprised the potential investors, CFIUS declined to approve the deal, referring it to then-president Obama. Sources close to the deal noted that the fact that a Phoenix employee in the United States had pleaded guilty to espionage-related charges did not help Phoenix's case.[13] RBC pulled out of the deal on September 25, 2013.

But the efforts to break into the L.A. radio market did not end there. In the summer of 2018, a New York firm, H&H Capital Partners, announced that it was buying a Mexican radio station, XEWW, that broadcasts throughout Southern California.[14] Sources involved in that deal said that H&H sought to buy a Mexican station in order to avoid scrutiny in the United States. H&H is a New York-based firm led by several individuals who spent years working as reporters for *Global Times*, a state-run newspaper in China. Filings from H&H to the FCC about the deal suggest that Phoenix Satellite TV remains a player in the purchase as the address that H&H gave for its Los Angeles–based holding company was the same as Phoenix's offices in L.A.[15] H&H's attempt to buy XEWW to broadcast into the United States has been challenged at the FCC by a Chinese-language radio station linked to Falun Gong.[16]

China's main English-language newspaper, *China Daily,* has also expanded operations into America, starting a North American edition in 2009. In addition, through its marketing arm, China Watch, the paper began distributing English-language content directly as advertising inserts in the *Wall Street Journal*, the *Des Moines Register*, and the *Washington Post*, among other leading US newspapers. Often, it's hard to tell that China Watch's material is an ad, as was the case highlighted by President Donald Trump with an advertising insert in the Sunday *Des Moines Register*—an insert that the president suggested was aimed at undermining political support both for the president and the Republican party.[17] Rough estimates from newspaper executives indicate that *China*

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Daily pays $250,000 for each insert in major US dailies. In 2009, the *Global Times* (环球时报), part of the *People's Daily* group, started an English-language newspaper as well.

Chinese investment in the US media market is not limited to the central government. Chinese provincial media firms also have a footprint in the United States. Sky Link TV (天下衛視) is one example. It is fully owned by Guangzhou Media American Co, Ltd. (美國廣視傳媒有限公司), which, in turn, is owned by GZ Television Media (广州影视传媒有限公司), a Chinese state-owned media outlet. Sky Link's story also illustrates the switch from Taiwan money to mainland money in the US Chinese-language media world. Sky Link was established in 1989 by a Taiwanese corporation. In 2009, it was purchased by a private Chinese company; three years later, the Chinese state-owned GZ Television Media bought Sky Link TV, a takeover that was hailed by the PRC's Ministry of Commerce as a key "cultural export" in 2014.[18] When Sky Link TV reports on China, the Sino-US relationship, Taiwan, Hong Kong, and other important issues concerning China, it follows and quite often repeats verbatim the official line from PRC media. Its major business partners include CCTV and Xinhua.

The Grand Overseas Propaganda Campaign has continued under the regime of General Secretary Xi Jinping, who, in his 2014 New Year's address, called on all media friendly to the CCP to "better tell China's story." In March 2018, the Party announced plans to unite these individual efforts into a mammoth overseas-facing propaganda organ, known as the Voice of China, by merging the foreign operations of China Global Television Network, China National Radio and China Radio International.[19] (It is not clear whether the parallel with the Voice of America was intentional.)

Despite all of these efforts, President Xi still appears to be unsatisfied with the Party's efforts to "grab the right to speak." In August 2018, the Chinese government announced a shake-up in its propaganda organs, reflecting significant concern at the heart of the Party that China was not winning its ideological battle with the West.[20]

Diaspora Media

In the early 1990s, the state-owned China News Service and the Overseas Chinese Office of the State Council dispatched editorial personnel to the United States to found the Chinese-language TV broadcaster, SinoVision, and the newspaper *Qiaobao* (侨报). Shanghai's *Xinmin Wanbao* sent staff to the United States to start up an American edition as well. Chinese officials backed this push as part of an effort to fight back against the negative publicity generated by the Party's crackdown on protests around Tiananmen Square on June 4, 1989.

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The SinoVision/*Qiaobao* story is illustrative of Beijing's push to dominate Chinese-language media in the United States. SinoVision, *Qiaobao*, and the *Sino American Times* (美洲时报) all belong to the Asian Culture and Media Group (美國亞洲文化傳媒集團). Sources in these firms say that the Overseas Chinese Affairs Office of the State Council of PRC (中國國務院僑務辦公室) set up the firm in the early 1990s but hid its financial role in these companies.

All the major executives of these firms appear to have been either appointed directly or approved by the Overseas Chinese Affairs Office.[21] Most of the major executives and editors in these businesses served either as editors or reporters for the China News Service or in the Overseas Chinese Office of the State Council. The group's flagship newspaper, *Qiaobao*, is divided into two divisions: the Western US *Qiaobao* (美国西侨胞) and the Eastern United States. *Qiaobao* (美国东侨报). The president of the Western division is also the chairman of the board of directors of Rhythm Media Group, a corporation that consists of *Qiaobao* and a few other media outlets, including radio stations in Seattle and elsewhere.[22] The chairman worked for the official China News Service (中新社) for many years as a reporter before coming to the United States to establish the Western US *Qiaobao* in the 1990s. The China News Service is a branch of the Overseas Chinese Affairs Office. In 2015, the service described the work of the top executives of the Eastern US *Qiaobao*'s (美东侨报) work as part of the PRC's broader push to strengthen its "soft power" and fight back against "Western media hegemony."[23] *Qiaobao* is the sole major newspaper to use simplified Chinese characters in an effort to appeal to immigrants from mainland China living abroad. Almost all the news stories in *Qiaobao* about China, the Sino-US relationship, Taiwan, Hong Kong, and other important issues important to China are taken directly from official Chinese media outlets or websites, including CCTV, Xinhua, and the *People's Daily*. Its current editor is I-Der Jeng, and in an email communication with *Foreign Policy* magazine, he stated that the paper receives no editorial direction from Beijing.[24] However, like its parent company, numerous reporters and editors on the paper come from China's state-owned press outlets.[25]

The group's main TV outlet is SinoVision. It operates two twenty-four-hour channels (one Chinese and one English language), and it is on the program lineups of cable systems covering about thirty million people. SinoVision's website (http://www.sinovision.net) ranks twelfth among all the Chinese websites in the United States. Like its sister newspapers, SinoVision was established in 1990 as part of the PRC's first push to establish propaganda outlets in the United States. It is headquartered in New York City, with branches in Boston, Washington, DC, Chicago, Los Angeles, San Francisco, and Seattle. According to Wang Aibing (王艾冰), a former executive of SinoVision,

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starting in 1990, the State Council's Overseas Chinese Affairs Office gave $800,000 a year to SinoVision, ultimately increasing its subsidy to between $2 million and $3 million a year. Wang made this charge in a 2011 letter to the Overseas Chinese Affairs Office alleging widespread corruption at the station.[26] Allegations of corruption and governmental subsidies have not been corroborated.

What is clear, however, is that, like *Qiaobao*, SinoVision's content echoes China's official media. The vast majority of its stories about China, Sino-American relations, Taiwan, Hong Kong, and other important issues for the PRC government are taken directly from official Chinese media outlets or websites, including CCTV, Xinhua, and the *People's Daily*. In an essay, *Qiaobao*'s Eastern Group president, You Jiang, defended his paper's support of the PRC's agenda by saying that it stemmed not from Beijing's direction, but from demands from pro-Chinese immigrants in the United States.[27]

Forays by PRC organizations to assert direct control over Chinese-language media in the United States sparked a battle with publications owned by private interests from Taiwan and Hong Kong that did not share the PRC's ideological bent. PRC officials openly acknowledged the political nature of this battle, and in a 2007 interview, Guo Zhaojin, the president of the state-owned China News Service, noted that if China could gain control of Chinese-language publications in the United States, China would be better able to influence the overseas Chinese community, have a say in American politics, and "protect the national image." Guo further observed that more than one-quarter of America's minorities relied on foreign-language media to obtain their news. Foreign-language media, said Guo, was a "giant hiding in plain sight."[28]

Beijing seems to be winning the battle with Chinese-language outlets expressing views that dissent from Beijing's. Over the course of the last twenty years, a series of once-independent Chinese-language media have fallen under Beijing's control. The Sing Tao Newspaper Group was established in Hong Kong in 1938. In the mid-1990s, its original owner[29] was forced to divest of interests in the paper, and it was soon taken over by a pro-PRC businessman,[30] who, starting in 1998, became a member of the Chinese People's Political Consultative Conference, which functions as part of the broader united front organization network. Sing Tao's coverage of China is clearly now aligned with that of state-run media from Beijing. In fact, in May 2001, the year he purchased Sing Tao, the owner established a joint venture with the Xinhua News Agency to create an information-service company known as Xinhua Online.

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Another case in point is the *World Journal* (世界日报), for years the premier Chinese-language paper in the United States serving immigrants from Taiwan and only one of the six newspapers owned by the United Daily News (UDN), Taiwan's most influential newspaper company. The paper once dominated news coverage in Chinatowns across America, and it acted as the voice of the Chinese Nationalist Party of Taiwan. Unlike PRC-controlled outlets, the *World Journal* did cover events such as the death of the jailed Chinese human rights advocate and Nobel Peace Prize laureate Liu Xiabo. But the *Journal*'s coverage has shifted in recent years and become more pro-PRC in a variety of areas, such as China's militarization of the South China Sea and its handling of Taiwan and Hong Kong. Sources at the *Journal* observe that the paper's owners in Taiwan are interested in growing their business in China, which may help explain the paper's evolving editorial stance. For example, in March 2004, the *World Journal* published recruitment notices on the front page, announcing its intention to establish a mainland news group and recruit reporters in China. In a 2015 essay, an executive[31] at *Qiaobao,* one of the *Journal*'s main competitors, noted the *Journal*'s shifting editorial stance. "No longer do they only report negative news about the mainland," he wrote.[32] According to sources inside the newspaper, Chinese consulates in both New York and San Francisco have pressured *World Journal*'s local offices not to publish ads related to the religious sect, Falun Gong, which has been outlawed in China. The New York office has already acquiesced in full for the East Coast edition. The West Coast edition now only runs Falun Gong ads in throwaway sections of the paper.

Ming Pao is another formerly independent newspaper that has fallen under Beijing's control. For years, its US edition was popular among Cantonese-speaking immigrants in the United States. In January 2007, the Hong Kong Ming Pao Group announced a $600 million merger with the two largest Chinese-language media outlets in Malaysia, the Xingzhou Media and Nanyang News. The merger was welcomed in Beijing. Guo Zhaojin, then president of the China News Service, said the new company would develop into one of the largest Chinese print media platforms in the world, with more than five newspapers in major cities in North America, Southeast Asia, and Greater China and a daily circulation of more than one million copies.

China's efforts to dominate Chinese-language media coincided with two other developments in the 1990s. The Chinese immigrant community boomed in the United States, as hundreds of thousands of mainland Chinese became US citizens, transforming the complexion of a community that had been dominated by immigrants from Hong Kong and Taiwan. Second, Taiwan's political system

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transitioned from an authoritarian state to a democracy, leading to new calls from the island and from some of its immigrants in the United States for an independent Taiwan. Seeking to capitalize on the ever-larger number of mainlanders in the United States and to battle the nascent Taiwan independence movement, PRC authorities established organizations and Chinese-language schools to bolster their propaganda work in the United States. The Party's United Front Work Department founded the China Council for the Promotion of Peaceful National Reunification in 1988, and within a decade it had more than one hundred chapters in sixty countries, including more than a dozen offices in the United States. Chinese officials described Chinese-language media, Chinese-language schools, and Chinese-backed organizations as the "three treasures" (三宝)of united front work overseas.[33]

Chinese-language media. By the mid-1990s, analyst He Qinglian estimated that, of the some one hundred Chinese-language newspapers in the United States, more than one-third were funded by money from the mainland.[34] Owners of these newspapers, seeking subsidies from Beijing, cozied up to PRC authorities with statements such as "opposing Taiwan independence and fostering peaceful unification are the glorious missions and historical responsibility of overseas Chinese publications."[35]

Beijing also moved to take control of online and social media outlets. *Wenxuecheng* (文学城, http://wenxuecheng.com) is the most popular Chinese-language website in the United States. Launched in 1997 by a group of students from the University of Michigan, the website was sold in 2003 to a Taiwanese-American businessman[36] with investments in China. Since being purchased, *Wenxuecheng* has signed deals to run news from Xinhua and the *China Daily*.[37] There is even an unsubstantiated rumor that the purchase of the website was subsidized by $1 million from the CCP Propaganda Department.

Duowei is another online source that was for years an independent Chinese-language media outlet. Among its many scoops was the prediction of the composition of the sixteenth Politburo Standing Committee. But in 2009, Duowei was purchased by a Hong Kong businessman[38] with substantial business interests in China, including two companies listed on the Hong Kong Stock Exchange. The businessman is a founding member of the Tsinghua University Center for US-China Relations and is also fond of writing pro-Beijing essays on China's claims to the South China Sea. Duowei is now headquartered in Beijing. Indeed, since selling Duowei, the online news source's founder[39] has moved to *Mingjing* (Mirror Media), a Chinese-language web presence

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based in Canada, where he indicated that last year he received a large investment from the PRC. Since then, *Mingjing* has significantly modified its editorial stance, switching its focus from politics to real estate, immigration, and investing. Part of the reason for this modification appears linked to the disappearance in China of the wife of one of *Mingjing*'s reporters after *Mingjing* aired interviews with a dissident Chinese businessman.[40]

Beijing has also moved to tighten the ideological consistency for these papers. In 2001, the Office of Overseas Chinese Affairs and the China News Service began a biannual conference, the Forum on the Global Chinese Language Media, hosting representatives from hundreds of Chinese-language periodicals from around the world. Kicking off the first conference in 2001, Guo Zhaojin, the president of the China News Service, said a key goal of the meeting was to persuade participating Overseas Chinese media to use copy from the China News Service instead of reports from competing Chinese-language news services from Taiwan or from the West.[41] The conference also appears to serve as a platform for Beijing to convince critics to modify their tone and to ensure that overseas Chinese-language newspapers follow the Party's line. Essays released during the conferences praised the censorship of views opposed by the Party and stressed the necessity of, in the words of one piece in 2015, "properly telling China's story" (echoing Xi Jinping's instructions).

And Beijing's efforts have had some successes. Ranked the number-five Chinese website in the United States, http://backchina.com was once an independent media voice like Duowei. But in 2017, its editors attended the ninth forum in China, and since then backchina's reporting has become far more positive about the PRC.

In 2006, the China News Service started holding an Advanced Seminar for the Overseas Chinese Language Media, for select groups of editors and reporters from overseas; a seminar in 2006, for example, focused on the correct reading of "socialism with Chinese characteristics," while a workshop in 2010 concerned China's policies in Tibet and Xinjiang. At the thirteenth Seminar in 2015, He Yafei, then the assistant director of the Overseas Chinese Affairs Office, argued that overseas Chinese media needed to promote the Belt and Road Initiative and essentially embrace the role of becoming a mouthpiece of the CCP promoting China's national strategy.[42] Beijing also dispatched Chinese officials overseas to instruct Chinese-language media on how to "correctly" report the news. As the Beijing 2008 Olympics approached, Politburo member and head of China's Olympic Committee Liu Qi met at the PRC consulate in New York

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with representatives of the Chinese-language press to lay out China's demands for their coverage of the event.[43]

In a further effort to control the overseas Chinese press, the China News Service established the China News Service Overseas Center, which provides news reports, editorials, and layout for overseas Chinese media outlets around the globe. The idea behind the center was that if Beijing were to provide and package content for overseas Chinese papers, and could convince them to run it, Beijing would then completely control the message.[44]

Given these efforts by Beijing, the space for truly independent Chinese-language media in the United States has shrunk to a few media outlets supported by the adherents of Falun Gong, the banned religious sect in China, and a small publication and website called *Vision Times*. According to the publisher of its New York edition, Peter Wang, *Vision Times* was formed expressly to address the issue of the shrinking space for independent Chinese voices in the United States. Since then, it has focused on two areas—human rights reporting and traditional Chinese culture. Wang noted that while some of the staff of the paper may be Falun Gong adherents, the paper is not a Falun Gong operation. *Vision Times* began its online presence in 2001, started printing a newspaper in 2005, and claims a circulation in the United States and Canada of below 60,000.[45]

WeChat as a Source of News in the Diaspora Community

China's social media giant, WeChat, is another major source of news within the Chinese American community. But it is more than that; for many users in the United States, China, and around the world, WeChat is a digital ecosystem so ubiquitous that it constitutes a lifestyle—a drumbeat that determines the rhythms of the day. In the United States, as in China, WeChat censors news and comments in accordance with rules set by China's Communist Party. In an analysis of WeChat articles popular in the United States, researcher Zhang Chi found that the most successful pieces skewed significantly to the right of the US political spectrum.[46] Zhang noted that the right-wing view on WeChat generally embraces a social Darwinist, zero-sum conception of racial politics, with Chinese in America portrayed as beaten down by a system that favors other racial groups and illegal immigrants from Latin America. One popular WeChat channel blamed the wildfires in 2017 in Northern California on an undocumented immigrant.

Numerous other channels reported on alleged plans for mass riots and a civil war in the United States led by the leftist group Antifa. When a Chinese jogger was struck and killed

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in a DUI case in a suburb of Los Angeles, a popular WeChat channel reported that the motorist was undocumented and had committed the act to extend his stay in the United States.[47] Zhang noted that another cause of concern was the fact that these WeChat channels helped foster anxiety among first-generation Chinese. As with other Chinese immigrants who rely on traditional Chinese-language media for information, the anti-American hothouse created by WeChat's "news channels" leads to a type of resentful pro-Chinese nationalism that is ripe for exploitation by the Chinese government.

WeChat may be no more slanted in its treatment of information than American media that serve domestic political extremes, but there is no precedent for the situation WeChat has created: A vast and vital community of Americans gets most of its "news" from, and does most of its communicating via, a platform known to be censored by a foreign government that opposes free speech and has been named by the US National Security Strategy as the greatest long-term security challenge the nation faces.

Western Media

The Chinese Communist Party has always recognized the usefulness of the overseas media (both in local languages and Chinese) as a means to get its message out. Foreign- and Chinese-language media have always served the cause of China's revolution. For example, in the 1930s, foreign journalist Edgar Snow sang the praises of the Chinese Communist Party and specifically its chairman, Mao Zedong. The Party conducted a campaign in the United States in the 1940s to turn the American public against the regime of Chiang Kai-shek and to soften criticism of China's Communists. Organizations such as the Institute of Pacific Relations, which provided Americans with in-depth coverage of Asia, were staffed by Communist agents and played an important role in fashioning public opinion on America's relations with China. To be sure, these techniques were not unique to the Chinese Communist Party. The government of Chiang Kai-shek and its "China lobby" also used the overseas press to serve its purposes. In the 1950s, the KMT government conducted a campaign against pro-Communist newspapers in the United States, convincing the US government to shutter several pro-PRC outlets and expel pro-PRC journalists.

The events of 1989 sparked a significant change in China's foreign propaganda campaign. Following China's crackdown on pro-democracy demonstrators in Beijing and other cities, China's image sank to a low not seen by Chinese officials in decades.[48] China Books and Periodicals, which had been operating in the United States since the 1950s, closed its offices on Fifth Avenue in New York City. And the Foreign Languages Press

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(a department of the China International Publishing Group) saw its cooperative agreements dwindle.

It was then that Chinese officials revived an old tactic that the Communist Party had employed before the revolution—using friendly foreigners and pro-PRC Chinese immigrants to publicize China's story. Chinese officials called this tactic of localizing the work of foreign propaganda, the "borrowed boat" strategy.[49]

One such friendly American was a China scholar[50] who was for years associated with Random House. According to Huang Youyi, the chief editor of the Foreign Languages Press posted to the United States in the late 1980s and early 1990s, this American argued that for China to improve its image in the United States, it needed to work through American organizations, and so he collaborated with Huang on a book series, "The Culture and Civilization of China," which the Yale University Press began publishing in 1997. The American's "understanding of the US publishing industry and his friendly attitude towards China became an indispensable condition for the success of the cooperation," Huang wrote.[51] Books from the series are still given to foreign guests of the Beijing government.

In a period of deep crisis for China's reputation, Huang's success in using foreigners to publish material beneficial to China's image became a model for other Chinese operations. From the early 1990s, the Chinese Communist Party began to seek opportunities to cooperate with Westerners, Western media and publishing companies, and overseas Chinese to tell its story.

Lack of Reciprocity

It is important to compare Beijing's efforts to "grab the right to speak" and obtain "discourse power" overseas with the efforts, and ability, of Western media organizations to access China's market to a similar degree. For decades, those efforts have faced roadblocks placed in their path by the Chinese government. A key roadblock has been China's ban on Western investment in media except when it involves such things as fashion, cars, and lifestyle.

Private media

Unlike the United States, where Chinese reporters are only restricted from entering high-security military installations, Western reporters in China are subject to a panoply

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of regulations, many of them unwritten. A 2017 report by the Foreign Correspondents' Club of China notes that in a survey of 117 foreign journalists based in China, 40 percent felt reporting conditions had deteriorated compared to 2016, nearly half said they had experienced harassment, interference, and physical violence during their work in China, while 15 percent said they encountered difficulties during their visa renewal process and over 25 percent said they had learned that Chinese contacts had been detained and otherwise hounded by Chinese authorities for speaking with them.[52]

China has also moved against Western media outlets on many fronts. Both Chinese- and English-language websites of the *New York Times* have been blocked in China since 2012 following a story detailing the wealth of the family of China's then premier Wen Jiabao.[53] The English- and Chinese-language sites of the *Wall Street Journal* and Reuters are also blocked, and those belonging to the *Financial Times* and the *Economist* are blocked on an intermittent basis.

The Chinese government has also made it difficult for resident foreign reporters to obtain and renew journalist visas. Following the *New York Times'* report on Wen's family money, China did not approve a new journalist visa for a *Times* reporter for three years. While the situation has improved somewhat since 2015 for resident journalists, the Chinese government still delays visa applications for journalists and uses the threat of expulsion from China as a way to pressure Western media outlets to soften their coverage of China. This is especially true of freelance journalists or independent documentary filmmakers who are dependent on onetime visas to carry out a specific assignment. Here delays and outright refusal to process visas in a timely manner have been common.

There is some indication that China's pressure tactics have paid off. In 2013, Bloomberg News was preparing to publish a report detailing connections between one of China's richest men and members of the Politburo—the top organ in the Chinese Communist Party, when Bloomberg spiked the story. The outlet's editor in chief, Matthew Winkler, was quoted on a conference call likening the decision to censorship of foreign news bureaus that wanted to continue to report in Nazi Germany.[54] Other observers noted that the real reason Bloomberg News killed the story involved the company's substantial business interests—especially in "Bloomberg Boxes" selling access to financial information—in China. Indeed, the organization's founder recently doubled down on China and now even headlines a new forum focusing on China's global influence with a state-owned Chinese partner.[55] (Interestingly, the

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November 2018 gathering in Beijing was cancelled by Beijing and forced to move to Singapore.)

International service broadcasters

Another roadblock has been China's efforts to limit the influence of the Mandarin services of the Voice of America and Radio Free Asia. Starting in the first decade of the 2000s, the Chinese embassy in Washington, DC, and the leadership of VOA's Mandarin service began an annual meeting to allow embassy officials to voice their opinions about VOA's content. PRC embassy officials have also reached out to VOA hosts to convince them to be more supportive of the regime. VOA personalities have hosted events at the embassy. One of VOA's TV editors even publicly pledged his allegiance to China at an embassy event.[56] It is not surprising, then, that some VOA staffers interviewed for this report believe that China's outreach campaign has succeeded in pushing the VOA Mandarin service away from programs with direct relevance to China toward programming that seeks instead to highlight American everyday life or teach American-style English to Chinese listeners. An example would be a program called *Cultural Odyssey*, a VOA TV series that focused on Americana, such as fried chicken, doughnuts, and national parks. For years, *Cultural Odyssey* ate up one-third of the Mandarin service's travel budget. Another program featured English teacher Jessica Beinecke, which launched her on a career as an English-teaching TV personality on mainland China itself. VOA officials internally praised these programs as both "non-political and non-sensitive," a current senior VOA staff member noted. What's more, VOA officials sought to scale back what were perceived to be sensitive reports. After running two years of a radio series on aspects of modern Chinese history, including the Cultural Revolution and other events post-1949, VOA cut the program in 2009 despite several of those shows garnering well over three million hits each on the web. In 2011, the Broadcasting Board of Governors sought to cut 65 percent of the workforce from the Mandarin service. However, reporters and editors in the service fought back, they lobbied Congress, and the cuts were restored. In 2012, a Chinese immigrant, who was also a former Chinese dissident and a specialist on the US political system, became the first female Chinese head of the service. She was later fired over a controversial interview that drew the official ire of the PRC, which threatened repercussions.[57]

Since her dismissal, VOA's Mandarin service has resumed a pattern of avoiding stories that could be perceived to be too tough on China, according to several staffers. For example, blogs written by dissidents such as Cao Yaxue, who runs the human rights–

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related http://chinachange.org site, have been removed from the VOA website. Several prominent Chinese commentators are no longer on VOA's lineup of analysts. Many staffers now describe VOA's content as neither pro- nor anti-China. The emphasis, the staffers observed, is on travel, culture and language, programming the likes of which Chinese viewers can access equally well on CGTN or China's internet. By contrast, the content of Radio Free Asia remains far more hard-hitting than its counterpart, VOA.

Conclusion and Recommendations

China has used America's openness to convey its message both to English- and Chinese-speaking residents of the United States. US rules allow foreign media companies, even ones run by foreign governments, to broadcast freely via American cable and satellite networks. Unlike in China, the United States government does not block any Chinese websites, many of which are funded by the PRC government. While the Communications Act of 1934 theoretically only allows foreigners to own 20 to 25 percent of terrestrial wireless radio and TV stations, the law has been loosened considerably over the past decade, and it does not even apply to cable channels or leasing arrangements wherein a foreign entity, including one owned by a foreign government, can pay an American licensee for airtime. Chinese media outlets have used all such strategies to publicize the views of the Beijing government.[58] Perhaps more worrisome, China has also been successful in funding or convincing pro-PRC businessmen to fund pro-PRC media outlets in the United States that nominally appear independent so that the three most important traditionally independent Chinese-language newspapers now increasingly side with Beijing.

By contrast, the Chinese government severely limits the scope of US and other Western media outlets in China and has banned Western media investment in China, except in very limited innocuous areas, such as in fashion, automobiles, investing, health, and lifestyle. The idea that a Western TV news network could lease a Chinese station and broadcast news to China around the clock—as their Chinese counterparts do here in the United States—is not even thinkable. Equally, there is no chance that a Western media company would be allowed to invest in a Chinese publication that reported mainstream news.

Both the expansion of Chinese state-owned English-language media in the United States and Beijing's increasing control of Chinese-language media outlets in the United States are very problematic for an open dialogue. For one, these media are under the

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control of a foreign government, not simply a foreign individual or firm. Second, the diminishing space within America's Chinese-language media for independent voices runs counter to the goals of a liberal society seeking a diversity of perspectives. Furthermore, the PRC's control of Chinese-language media outlets in America and its increasingly strong position among English-language outlets provides China with the potential of mobilizing Chinese Americans and Americans alike to espouse policies counter to US interest. The constant drumbeat of anti-American reporting in pro-Beijing media outlets headquartered in the United States creates an unhealthy environment.

Promoting Transparency

A major challenge is the fact that China has worked successfully to mask its influence operations with respect to US media. On paper, for example, the Asian Culture and Media Group controls the pro-China SinoVision and *Qiaobao* as a private company. The reality is that it is staffed by people who served the state-run China News Service and were, sources insist, dispatched to the United States by the Chinese government to establish propaganda operations in the United States. Given its nominal status as a private company, taking action to shut down its operations would be fraught with even more legal and ethical challenges than those involving media corporations directly owned by the PRC. The same holds true for publications and websites that were once independent but have now increasingly fallen under the sway of the PRC. If US law protects the rights of publishers of newspapers or websites to put their personal political imprint on their enterprises, how can the US government move to deny it to those of a pro-PRC bent?

At a minimum, what US authorities can do is work to establish the real ownership structure of Chinese (and other foreign) companies purchasing US-based media. Any foreign-owned or foreign-controlled media (including print media), and particularly those that advance a foreign government line, should be required to register under the Foreign Agents Registration Act (FARA).

Beyond FARA, there should also be a review to see whether these organizations and their employees should also register under existing lobbying laws as foreign agents. In addition, there is an argument to be made to ensure that employees of these organizations should be given a disclosure package making them aware that they are working for a foreign agent institution.

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Promoting Integrity

Figuring out how to properly counter the PRC's influence operations in both English- and Chinese-language media presents enormous challenges in a free society. The United States could consider restrictions on state-controlled media outlets, which would not include publicly funded broadcasters, such as the BBC, which maintain editorial independence. Failing that, the recent requirement that state-run publications, TV and radio broadcasters, and potentially their employees, register as agents of a foreign government is a partial solution.[59] And in late 2017, Russia's RT registered as a foreign agent[60] while in September 2018, the US Justice Department reportedly also ordered CGTN and Xinhua to register as agents of a foreign power.[61]

When it comes to independent Chinese-language media, the US government should consider doing more to help such independent outlets survive, including using grants via the Fulbright program or other vehicles, such as the State Department International Visitors or Speakers' Bureau. Domestically, the US government could also consider aiding the operations of independent Chinese-language media, including manufacturing credits for printing press operations, and nonprofit tax designations to allow journalism business models to survive the current transitional crisis. Private charitable foundations can also make a difference in helping independent Chinese-language media remain editorially independent and financially viable.

Promoting Reciprocity

The time has come for the US government to demand reciprocity for American journalists attempting to do their professional work in China. To the extent that they are prevented from doing so as a result of visa denials and restrictions of access, the US State Department should respond in kind by restricting visas and access for Chinese journalists in the United States. To the extent that American journalists experience harassment and physical violence, this should also have a bearing on the granting of visas and access to Chinese journalists.

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21 The group's current chairman of the board, Cen Gong (岑工), was sent from Beijing to the United States in the 1990s. Previously, Cen had served as a deputy director of the Overseas Chinese Affairs Office of the PRC.

22 Xie Yining (谢一宁).

23 You, Jiang. "游江. "游江 : 美国《侨报》跨区域发展面临的机遇和挑战." *China News*. August 17, 2015. http://www.chinanews.com/kong/2015/08-17/7472496.shtml. *Qiaobao* is headed by its president, You Jiang (游江), and general editor, Zheng Yide (郑衣德). You Jiang graduated from People's University in the late 1980s.

24 Allen-Ebrahimian, Bethany. "Beijing Builds Its Influence in the American Media." *Foreign Policy.* December 21, 2017. https://foreignpolicy.com/2017/12/21/one-of-americas-biggest-chinese-language-newspapers-toes-beijings-party-line-china-influence-united-front.

25 An example would be Fan Dongsheng, who in 1999 served as *Qiaobao*'s president and editorial director. Before coming to the United States, Fan worked for the China News Service and had established two magazines funded by the State Council's Overseas Chinese Affairs Office."范东升的 BLOG." Personal website. February 3, 2011. http://fan-dongsheng.blog.sohu.com.

26 "美国中文电视首席记者反腐更艰难." Boxun. January 16, 2011. https://www.boxun.com/news/gb/china/2011/03/201103130653.shtml.

27 http://www.chinanews.com/kong/2015/08-17/7472496.shtml.

28 Yu, Baozhu (虞宝竹) , "中国新闻社社长郭招金专访 : 共建和谐世界 华文传媒任重道远." 人民网一中华新闻报. August 31, 2007. http://media.people.com.cn/GB/40606/6198886.html.

29 The colorful Sally Aw Sian—known as the Tiger Balm Lady.

30 Charles Ho (何柱國).

31 You Jiang.

32 You, Jiang. 游江. "游江 : 美国《侨报》跨区域发展面临的机遇和挑战." China News. August 17, 2015. http://www.chinanews.com/kong/2015/08-17/7472496.shtml.

33 Wu, Ruicheng (吴锐成). "发挥侨务资源优势为建设文化强省服务." 广东侨. 网. http://gocn.southcn.com/dzkw2010/hqyhr/1/201009/t20100907_116083.htm.

34 He Qinglian estimates that 70 percent of Canada's thirty Chinese-language papers, almost all of Australia's twenty papers, and 80 percent of Japan's thirty papers received PRC funds.

35 Zhang, Dawei (张大卫). "宣传和推动反独促统是海外华文媒体的光荣使命." 第三届世界华文传媒论坛学术集锦. 世界华文传媒网." September 22, 2005.

36 Wayne Lin (林文).

37 "美国《文学城》网站 CEO : 想给重庆开一个关注度较高的栏目." *China Daily*. September 17, 2011. www.chinadaily.com.cn/dfpd/chongqing/2011-09-17/content_3809264.html.

38 "Yu Pun-hoi." Wikipedia. https://en.wikipedia.org/wiki/Yu_Pun-hoi.

39 He Pin.

40 "Chinese-American Journalist Says Wife Kidnapped By China." Associated Press. January 17, 2018. https://www.cbsnews.com/news/china-wife-chinese-american-journalist-chen-xiaoping. The businessman is identified in this story as Guo Wengui.

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41 “首届华文传媒论坛将如期开幕 (The First Forum on the Global Chinese Language Media Opens as Scheduled).” China News Service. September 14, 2001. http://www.fcm.chinanews.com.cn/2001-09-14/2/91.html.

42 Yang, Kaiqi. “78 位海外华文媒体负责人聚北京研修 (78 Executives of Overseas Chinese Language Media Gathers in Beijing for Seminar).” China News Service. May 11, 2015. http://www.chinanews.com/hr/2015/05-11/7267777.shtml.

43 “北京奥组委在纽约召开华文媒体见面会 刘淇出席.” 新华网.” November 2, 2007. http://news.xinhuanet.com/sports/2007-11/02/content_6998448.htm.

44 Zhang, Qiaosu. “中国新闻社海外中心” (the China News Service Overseas Center).” Xinhua. November 2, 2007. August 26, 2016. http://news.xinhuanet.com/zgjx/2007-11/02/content_6998084.htm.

45 Interview with Peter Wang, publisher of New York edition of *Vision Times.*

46 Zhang, Chi. “WeChatting American Politics: Misinformation, Polarization, and Immigrant Chinese Media.” Tow Center for Digital Journalism. April 19, 2018. https://www.cjr.org/tow_center_reports/wechatting-american-politics-misinformation-polarization-and-immigrant-chinese-media.php.

47 This has led some like Zhang to question whether or not WeChat is at least tacitly supporting the creation of fake news about the United States.

48 Yan, Dongsheng (翟东升). “外宣工作脱困.” IT 经理世界. July 5, 2006. http://www.ceocio.com.cn/12/93/148/165/6876.html.

49 Li, Haiming. *My 35 Years in CCTV.* China Democracy & Rule of Law Publishing House. 2013.

50 James Peck.

51 Huang, Youyi (黄友义). “时代的创新 : 与美国合作出版的往事.” 中国网. November 2, 2009. http://www.china.com.cn/culture/zhuanti/wwj60n/2009-09/02/content_18450217.htm.

52 Gao, Charlotte. “Foreign Journalists in China Say Life Increasingly Harder in 2017.” *Diplomat*. February 3, 2018. https://thediplomat.com/2018/02/foreign-journalists-in-china-say-life-increasingly-harder-in-2017.

53 Smith, Craig S. “*The New York Times* vs. the ‘Great Firewall’ of China.” *New York Times.* March 31, 2017. https://www.nytimes.com/2017/03/31/insider/the-new-york-times-vs-the-great-firewall-of-china.html.

54 Demick, Barbara. “The *Times,* Bloomberg News, and the Richest Man in China.” *New Yorker.* May 5, 2015. https://www.newyorker.com/news/news-desk/how-not-to-get-kicked-out-of-china.

55 “Bloomberg and the China Center for International Economic Exchanges (CCIEE) Announce . . .” PRNewswire. May 15, 2018. https://prn.to/2OCNvbR.

56 Interview with VOA staff.

57 As head of this VOA service, Sasha Gong pared down the budget for *Cultural Odyssey* and reapproved funding for more hard-hitting pieces on modern Chinese history and a program, *Histories Mysteries*, was started. With its reports on the famine during the Great Leap Forward, the suppression of the Falun Gong religious sect of 2001, and the June 4th crackdown on pro-democracy protesters of 1989, the program became popular among viewers in China. However, Gong’s time at the head of the service ended in 2017, after she and VOA management had a falling-out over an interview VOA was doing with Chinese billionaire dissident Guo Wengui. Gong had arranged the interview to air on VOA’s TV channel on April 19, 2017. VOA advertised the interview, which was going to be live, on its website beforehand. Prior to the interview, however, the Chinese government warned VOA’s correspondent in Beijing of serious repercussions should the interview air. Chinese embassy officials also contacted VOA in Washington threatening retribution. Despite concern from VOA’s management, Gong went ahead with the interview. While circumstances

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surrounding what happened next are murky, VOA's management ended up pulling the plug on the interview in the middle of a live broadcast. Gong and several other employees were suspended and subsequently fired for insubordination. Gong is contesting her dismissal through the Broadcasting Board of Governors, while VOA management denies that it was responding to Chinese pressure to stop the interview or fire Gong.

Chinese authorities have used both a charm offensive and tougher tactics to deal with both VOA and Radio Free Asia. China's retaliation goes far beyond trying to block their transmissions into China. Security officials from the PRC government have been involved in a campaign of intimidation against some VOA and RFA staffers and their family members. In early 2018, relatives of some Uighur reporters on Radio Free Asia were detained by Chinese authorities in Xinjiang province. VOA's Mandarin service has approximately one hundred employees. Although many of them write under pseudonyms, it appears that Chinese state security knows who they are. Five Chinese staff members interviewed for this report said that while visiting family in China they had been contacted by representatives from state security who have impressed upon them the necessity to change how they have reported on China. In one case, a young woman who is in the United States on a journalist visa and who does not yet have American citizenship was threatened with imprisonment during a visit last year to China if she did not reveal the names of her editors. She did so. In some cases, those affected have contacted the security department at the Broadcasting Board of Governors. In other cases, worried about potential Chinese retribution against family members still in China, they have not.

58 Interview with FCC official.

59 O'Keeffe, Kate and Aruna Viswanatha. "Justice Department Has Ordered Key Chinese State Media Firms to Register as Foreign Agents." *Wall Street Journal.* September 18, 2018. https://www.wsj.com/articles/justice-department-has-ordered-key-chinese-state-media-firms-to-register-as-foreign-agents-1537296756?mod=hp_listc_pos4.

60 Stubbs, Jack and Ginger Gibson. "Russia's RT America Registers as 'Foreign Agent' in US" Reuters. November 13, 2017. https://www.reuters.com/article/us-russia-usa-media-restrictions-rt/russias-rt-america-registers-as-foreign-agent-in-u-s-idUSKBN1DD25B.

61 O'Keeffe, Kate and Aruna Viswanatha. "Justice Department Has Ordered Key Chinese State Media Firms to Register as Foreign Agents." *Wall Street Journal.* September 18, 2018. https://www.wsj.com/articles/justice-department-has-ordered-key-chinese-state-media-firms-to-register-as-foreign-agents-1537296756?mod=hp_listc_pos4.

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SECTION 7

Corporations

American corporations wield significant political influence domestically and are some of the most significant sources of American soft power abroad. Foreign leverage over American corporations can thus advance important strategic interests of the country in question. In addition, as Chinese corporations go abroad, they, too, bring with them the potential of being leveraged by the Chinese government to advance China's interests. This section examines improper influence in the US corporate sector, as well as the potential for future influence because of significant economic exposure to China.

The US-China economic relationship is large and multifaceted. Trade statistics illustrate just one aspect of this tangled web: In 2017, the United States exported goods worth $130 billion to China, while importing goods worth $505 billion.[1] With trade also comes extensive foreign investment, as well as significant levels of employment of each country's citizens. Since 2000, the cumulative value of Chinese foreign direct investment (FDI) in the United States has exceeded $140 billion, with US investment in China being more than double that amount.[2] In the United States, there is more Chinese investment in the real estate sector than any other area. But until recently more deals are being done in the information technology sector, which has attracted the growing attention of the Committee on Foreign Investment in the United States (CFIUS).

China is increasingly willing to engage in aggressive forms of economic statecraft.[3] This includes not just denial of access to, or harassment in, China's own market, but also targeting of other countries' domestic economies and companies. These actions are sometimes state-led; at other times China's state-run media will encourage "consumer-led" boycotts (as in the cases of Japan, Norway, and South Korea, among others).[4] Chinese corporations abroad are all well aware of Chinese official policy and understand the value of acting in support of their country's foreign or industrial policy objectives. China's growing commercial presence in other countries' economies strengthens its ability to potentially influence their politics.

This section examines corporate sector influence through three lenses: (1) the use of business-related United Front organizations in the United States; (2) Chinese companies operating in America; and (3) Chinese pressuring and manipulation of American companies as vectors of influence. All three approaches are cause for concern, yet the pressuring manipulation of American corporations has generally attracted less attention.

This section intends to highlight three main developments. First, China is supporting an increasing number of local chambers of commerce in the United States with direct ties to CCP officials. Second, as Chinese companies have become more global, they have also grown more sophisticated in their efforts to socialize and localize themselves in their new American communities, but also acquire political influence in the United States. Finally, China increased its efforts to pressure, co-opt and sometimes even coerce foreign corporations with the aim of influencing politics in their home countries.

The Use of Business-Related United Front Organizations

Consistent with the practice of other nations, major Chinese firms operating in America are represented by a chamber of commerce network. Analysis detailed below suggests that China also operates an extensive list of United Front organizations purporting to be regional chambers of commerce. China's public-facing chamber in the United States is known as the China General Chamber of Commerce (CGCC), which was founded in 2005. It is headquartered in New York with five regional operations in Chicago, Houston, Los Angeles, San Francisco, and Washington, DC. Its website states that it has 1,500 member companies, both Chinese and non-Chinese. The organization's chair is Bank of China USA president and CEO Xu Chen. Its website lists more than sixty individuals, many from state-owned companies, in governance roles; its website lists a staff of nine.

Consistent with business organizations of other countries, the CGCC engages in a mix of political engagement with its host and home countries (e.g., testifying at the US International Trade Commission[5] and hosting officials from the Chinese Ministry of Commerce[6]); informational activities for its members (e.g., a lunch-and-learn on labor and safety issues in the United States);[7] and promotional activities (e.g., dinner galas and charity events). The CGCC is actively engaged with senior American political and business leaders. In July 2017, it hosted a welcome luncheon at the National Governors Association meeting in Rhode Island, at which the governors of Maryland, Kentucky, Alaska, Arizona, Louisiana, and Rhode Island attended. In September 2017, the group organized the visit of the governors of Alaska and Missouri to China.[8]

Inconsistent with the practice of other countries, China also oversees an extensive network of local chambers of commerce. This raises a question of their possible ties to the Chinese party-state, and whether these chambers may be misrepresenting themselves as local concerns when they are instead activated by, or in liaison with, the Chinese government. Research for this project has identified thirty-one business-focused organizations operating in the United States that are explicitly associated with or whose profiles and activities are highly suggestive of involvement with United Front work.[9] Most of these groups are concentrated in Greater Los Angeles and New York City, two principal communities of the Chinese diaspora. They are typically organized by hometown province of origin. This count

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does not include many other professional diaspora groups that may be used to facilitate China's influence operations.

Such Chinese groups have increased their activity in the United States since 2015,[10] and many of these groups have had interactions with the United Front Work Department and other Chinese officials both in the United States and in China, contacts that are distinctly different from invitations to embassy or consular diplomats and bear further scrutiny.[11]

At least eleven of the chambers identified in this analysis were established in 2016 or later, consistent with heightened activity observed in other sectors of society dedicated to projecting China's soft power and influence abroad. (Tellingly, China's spending on diplomacy has doubled to $9.5b per year under Xi Jinping.)[12] The US-Zhejiang General Chamber of Commerce's WeChat description explicitly references a 2015 provincial directive on strengthening the province's overseas Chinese connections (see screenshot). Many of these groups maintain their own presence, via a website or, increasingly, the WeChat social media platform. In one instance, our researcher's antivirus software blocked an intrusion attempt while researching the US-Fujian Chamber of Commerce.

Chinese Companies Operating in America as a Vector of Influence

More than 3,200 Chinese-owned companies operate in the United States, employing 140,000 Americans.[13] Chinese establishments operate in all but ten congressional districts.[14] As Chinese companies' presence in the US economy grows, given the United Front's penchant for using civil society organizations for its purposes, they bring with them several potential risks. First, their potential to be used by Beijing may result in activities that are contrary to US interests, as evidenced by intense scrutiny of their investment activities by CFIUS and reported warnings by counterintelligence officials. Second, growing access to the US political system, even if currently used to advance legitimate economic interests, creates openings for future exploitation by the Chinese government. Third, Chinese companies may effectively "export" corrupt or unethical business practices.

Activities Contrary to US Interests

The technology sector has been the most consistent and prominent source of concern. In 2012, the Intelligence Committee of the US House of Representatives declared Chinese technology companies Huawei and ZTE a national security threat given the firms' alleged ties to the Chinese military and the potential for their technology to

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be exploited for espionage or cyberattacks.[15] Both companies were key providers of technology at the African Union headquarters building, where investigators have found widespread electronic infiltration traceable to China, whose state-owned firms constructed the building.[16] Both Huawei and ZTE have also been accused of bribery abroad to win contracts.[17]

For years, the federal government has actively discouraged American companies, local governments, and allied countries from partnering with Huawei. Nonetheless, the company's global presence has continued to grow, and it is playing an important role in setting standards for 5G wireless technology.[18] In April 2018, the United States announced sanctions against ZTE for violating restrictions on sales to Iran and North Korea, barring American companies from transacting with the company. This would have effectively put ZTE out of business because of its dependence on American inputs, but shortly thereafter, and against the objections of many in Congress, the Trump administration agreed to a settlement that would allow the firm to stay in business.

There are other instances of companies being used to advance objectives contrary to the US interest. For example, front companies have been used to aid in the illegal export of sensitive technologies to China. In another instance, *Newsweek* in 2016 reported that the United States was investigating the acquisition by the Chinese company Fosun of a US insurer that has sold legal liability insurance to senior American intelligence officials.[19]

Growing Access to the US Political System

Although federal campaign contributions by foreign nationals or companies are illegal in US federal elections, there are alternative avenues for foreign corporate interests to influence the US political system, as the Australians have learned. These include lobbying, indirect campaign contributions via US subsidiaries, and the hiring of former senior government officials. All these approaches, while currently legal, are discussed below to demonstrate the full spectrum of activities Chinese entities are involved with and to highlight where they may raise questions of impropriety.

Lobbying The most direct and legal route to the American political system is lobbying. For example, within one day of President Trump tweeting his openness to a settlement with ZTE Corporation that would keep it from going out of business, the company signed a contract with lobbying firm, Mercury Public Affairs. The lead on the ZTE account was Bryan Lanza, a former Trump campaign official.[20] Also in 2018, the former senior advisor to Secretary of Commerce Wilbur Ross was hired as chief of International Corporate Affairs for another Chinese firm, HNA. Both instances underscore the need for updated revolving-door policies, particularly with respect to foreign corporations that are subject to significant state control.[21]

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All told, major Chinese companies publicly acknowledge spending $3.8 million on federal lobbying in 2017 and $20.2 million in total since 2000,[22] modest amounts by global standards. The Chinese e-commerce behemoth, Alibaba, was the largest source of expenditures in 2017, accounting for $2 million, followed by technology company ZTE ($510k), Sinopec ($384k),[23] and the Wanda America Group ($300k), affiliated with Dalian Wanda.[24] More difficult to track is Chinese corporate participation in American trade associations. In early 2018, two Chinese companies have joined two major lobbying groups noted for their political heft.[25]

Indirect Donations A key exception to the ban on foreign federal campaign contributions is permitted through activity conducted via a US subsidiary of a foreign company. The Federal Election Commission has written that "where permitted by state law, a US subsidiary of a foreign national corporation may donate funds for state and local elections if (1) the donations derive entirely from funds generated by the subsidiaries' US operations, and (2) all decisions concerning the donations, except those setting overall budget amounts, are made by individuals who are US citizens or permanent residents."

This exception inherently creates the potential for exploitation, particularly given the intrinsic difficulties of monitoring and enforcement. For example, the *Intercept* has reported that American Pacific International Capital (APIC), an American subsidiary of a corporation owned by a Chinese citizen, contributed $1.3 million to the Super PAC of presidential candidate Jeb Bush on the advice of a prominent Republican campaign finance lawyer.[26] (Neil Bush, the brother of George W. and Jeb Bush, and former ambassador Gary Locke have served as advisors of American Pacific International.)[27]

Employees of Chinese enterprises, who in making the donations are presumably American citizens, are also active donors. A review of campaign donation data finds that several individuals cited as members of the China General Chamber of Commerce or employed by member firms have made recent campaign contributions. For example, two individuals associated with HNA Group, including Tan Xiandong, the group's president, in 2017 donated $2,500 each to the congressional campaign of Greg Pence, the brother of the vice president.[28]

In May 2018, China-based companies reportedly invited Chinese to attend several Republican Party fund-raising dinners at which President Trump would appear. The invitations prominently featured the Republican Party's logo along with that of China Construction Bank, making it appear as if there was some formal connection.[29] The Republican Party and China Construction Bank both denied awareness of the solicitations in their name. Foreigners may attend fund-raisers so long as they do not pay their own entry, another instance in which the fungibility of money makes it easy to skirt this rule.

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Hiring of Former Senior Government Officials In other countries (such as Australia, UK, France, and Germany), former senior government officials routinely take positions with Chinese companies. This pattern appears less pronounced in the United States. A prominent exception is the law firm Dentons, which merged with the Chinese law firm Dacheng in 2015[30] and employs numerous former government officials, including former ambassadors, members of Congress, mayors, and generals.[31]

Earlier in 2018, Bloomberg News reported on the Imperial Pacific casino, a Chinese-owned company operating in the American territory of Saipan. Its large transaction volumes have raised concerns about potential money laundering. It has also made millions of payments to family members of the territory's governor and, at one time, counted the former governors of three states as well as the former directors of the CIA and FBI as members of its board or advisors.[32]

State and Local Politics Many states do not have prohibitions against foreign contributions in local races.[33] One of the most notable examples of an individual contributor comes from Virginia, where in 2013 and 2014, Wang Wenliang, a Chinese industrialist who was expelled from China's national legislature in 2016, contributed $120,000 to Governor Terry McAuliffe's campaign.[34]

Chinese firms are also involved in lobbying at the state and local level, another means of acquiring legitimate influence. While the quality of data reporting and aggregation for local and state-level lobbying is not always as robust as that at the federal level, this project was able to identify more than $1 million in state-level lobbying expenses over the past decade by Chinese firms. BYD Motors, which produces buses for public transit in the United States, Huawei, and Wanda America Group were among the biggest spenders on lobbying.

A 2017 complaint with the Federal Election Commission against the California subsidiary of Dalian Wanda is illustrative of the potential for exploitation granted by the US-subsidiary exception. The FEC found that Lakeshore, a Chicago real estate company whose principals are US citizens, was the source of the money that funded a local ballot initiative in California that would have blocked a Wanda competitor from expanding. Wanda acknowledged that the money for the measure had come from Lakeshore, with which Wanda does business, in the form of a $1.2 million loan. In its conclusion, the FEC did not rule on whether foreign restrictions applied to ballot measure activity. Further, it argued that even if those restrictions did apply, because "none of the funds at issue appear to originate with a foreign national" (i.e., they came from Lakeshore); that because the Wanda deputy manager who was listed as the principal officer of the Ballot Measure Committee was an American citizen (the general manager is a Chinese national); and that the funds originated in and would be paid back by revenues generated

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in the United States, the activity was not in violation of laws against foreign campaign activity.[35]

"Exporting" Corrupt or Unethical Business Practices

China scores poorly on international indices of corruption.[36] As Chinese companies expand abroad, it is possible that they could have a deleterious effect simply by exporting suspect business practices. An industry of particular importance is banking. The "big four" Chinese banks all operate in the United States, where their assets have increased sevenfold between 2010 and 2016 to $126.5 billion.[37] They are often extensively involved in real estate transactions of Chinese firms operating in the United States. In 2015, 2016, and 2018, China Construction Bank,[38] the Agricultural Bank of China,[39] and Industrial & Commercial Bank of China[40] were respectively subject to enforcement action by the Federal Reserve for not doing enough to fight money laundering.

Chinese corporations in the United States can also hinder the rule of law in other ways. When responding to lawsuits in US courts, Chinese state-owned enterprises have claimed exemption due to sovereign immunity; in other instances, Chinese firms with an American legal presence have refused to comply with US investigations by claiming that cooperation would violate Chinese law.[41] These actions inhibit the ability of the US government to regulate commerce and put American competitors at a disadvantage within their own country.

Chinese Manipulation of American Companies as a Vector of Influence[42]

American companies play a significant role in American foreign and domestic politics and their leaders regularly are selected to take positions of leadership in government. As a result, corporate America's traditional role in favor of engagement with China, given the country's market potential, has had significant weight in American policy toward the country.[43] China, for its part, welcomed foreign companies' investment as part of its policy of reform and opening up in the hope of spurring economic development.

China's relationship with corporate America has become increasingly fraught. In this report and elsewhere, China's state-directed efforts to facilitate the theft of intellectual property, the lifeblood of developed economies, are well documented. China's forced transfer of technology by foreign firms, as a condition of operating in China, is one of the main complaints of both the Trump administration and the European Union.

But China's ability to pressure US companies also encompasses three other more elusive dimensions. First, recognizing the importance of American companies in American politics, China has frequently cultivated, even leveraged, American executives to lobby against policies it opposes. Where cultivation fails, it has threatened or exercised

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economic retaliation. For example, in June 2018, the *Wall Street Journal* reported that Xi warned a group of global CEOs that China would retaliate with "qualitative measures" targeted at their companies, if the United States did not back off from the tariff war.[44] Second, China is seeking to pressure American companies into legitimizing its geopolitical claims and interests, for example by demanding that Western firms overtly acknowledge that Taiwan is an irreversible part of China. Third, China has wooed American companies with both sticks and carrots into serving its strategic interests abroad, most notably via its interactions with Hollywood.

China's source of leverage over American companies comes from its large domestic market and its key role in international supply chains; by contrast, China holds little direct ownership in American companies. American affiliates (i.e., those at least half-owned by American multinational companies) employ 1.7 million Chinese workers and are indirectly responsible for the employment of millions more.[45] More than fifty American companies report that they generate at least 20 percent of their revenues from China.[46] Naturally, many companies (and industry associations) with large stakes in China lobby the American government on issues related to China, often seeking to exert a moderating influence on US policy. This is not in itself evidence of improper influence, but it merits scrutiny and should be weighed in the context of other evidence in this section.[47]

Seeking to Influence American Politics via Corporate Interests

China does, in fact, exert influence on how at least some American companies and corporate executives interact with the American government. This influence generally takes two forms. In the first, China relies on American corporations to retard efforts by the American government to investigate and sanction Chinese behavior deemed harmful to national economic or strategic interests. For example, some American corporations have expressed reservations about cooperating with US trade investigations for fear of retaliation by China.

Chinese officials also regularly convene senior American executives at special meetings with government officials or major conferences. During these engagements, Western CEOs' positive comments on the country receive wide play in the foreign and domestic media, one of many ways in which the Party continues to seek the appearance of outside legitimization for domestic purposes. In addition, China uses these meetings to attempt to coerce American executives to take China's side in disputes with the US government. As the risk of a trade war mounted in spring 2018, Chinese officials explicitly warned gathered executives to lobby the US government to back down or risk disruption to their business in China.[48] The US government does not strategically convene foreign business leaders, let alone instruct them to use their influence to shape policy favorable to the United States in their home countries.

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Advancing Strategic Interests Abroad: A Case Study of Hollywood

As its market power mounts, China is increasingly able to leverage foreign corporations not just to influence their home governments, but also to advance China's broader strategic interests around the world. The most visible manifestation of this strategy is the Party-state's effort to influence Hollywood in a bid to advance China's global soft power agenda.

American popular culture has enjoyed worldwide influence for decades and is a key element of the country's soft power. However, by the end of the Hu Jintao era, China's leaders had begun calling for their country, too, to become a soft power leader, a theme Xi Jinping has continued to stress. The subsequent surge in Chinese spending on entertainment, or its "cultural industries,"[49] as it calls this sector, amid flat revenues in the United States, has made China's market a compelling one for Hollywood, despite continued quotas limiting the number foreign films that can be shown in China. In 2017, the Chinese box office reached $7.9 billion on growth of 21 percent, whereas the US market grew just 2 percent to $11.1 billion.[50] (Foreign films account for roughly half of China's total, most of which is attributable to Hollywood.)

In the 2010s, in addition to investing in its domestic film industry and maintaining a restrictive import regime, the Chinese government encouraged the country's media companies to enter into alliances or attempt to acquire outright American entertainment companies. Collectively, these strategies have raised concerns about self-censorship, the co-opting of the American film industry to advance Chinese narratives, and ultimately, the risk that the industry will lose its independence.

Hollywood, represented by the Motion Picture Association of America, has long cultivated close ties to the American government, which it has used to open access to China. For example, media scholar Aynne Kokas notes that in 2012, Vice President Joe Biden met with then Chinese vice president Xi Jinping to discuss China's quota on foreign films.[51] During Xi's visit, Biden also helped broker an agreement between DreamWorks and a group of Chinese investors. Ultimately, in response to these efforts and WTO action, China increased its annual quota of imported films from twenty to thirty-four.

Film studios can attempt to circumvent the import quota by coproducing films with Chinese partners. This can invite censorship directly into the production process, potentially affecting what global audiences see, as opposed to censorship that affects only what the Chinese market sees.[52] Examples abound of studios that have cast Chinese actors, developed and/or cut scenes specific to the Chinese market, or preemptively eliminated potentially objectionable references to China from scripts even when source material has called for it.

Aware of the Chinese market's growing centrality to the film industry, major studios are also reluctant to produce any film that would upset China, even if that specific film was

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not intended for the China market, for fear that all films by the studio would be blocked. Indeed, the last spate of movies made for general circulation that addressed topics that the Chinese government deemed sensitive were released in 1997 and included such productions as *Red Corner*, *Seven Years in Tibet*, and *Kundun*. Several prominent American entertainers have been subject to bans by China, most often for their association with the Dalai Lama. In an interview with the *Hollywood Reporter*, actor Richard Gere, an outspoken advocate of Tibetan culture, stated, "There are definitely movies that I can't be in because the Chinese will say, 'Not with him.'"[53]

Beyond self-censorship, American studios and creative personnel are at risk of being actively co-opted in advancing Chinese soft power. Chinese political and entertainment leaders are conscious that American entertainment companies have played an outsize role in defining China, from *Mulan* to *Kung Fu Panda*. By the time the third edition in the *Panda* franchise had been released, however, it was being coproduced with a Chinese partner. The list of films portraying China in a positive light grow each year, such as the space films *Gravity* and *The Martian*, a movie backed by Chinese money in which the American protagonists are saved by the Chinese. Ironically, in *Gravity*, a central plot twist involves the shooting down of a satellite by the Russians. In fact, the only nation to have shot down a satellite in real life is China. These positive portrayals, of course, are not inherently objectionable—and they may, indeed, provide a constructive countervailing force in an otherwise deteriorating relationship. The issue is: How do these portrayals come to be: In other words, has independent artistic vision been manipulated by political pressures to maintain commercial standing?

The rush of Chinese investment into the American film industry has raised legitimate concerns about the industry's outright loss of independence. In 2012, Dalian Wanda acquired the AMC cinema chain, followed in 2016 by the acquisition of the Legendary Entertainment studio. Before encountering political trouble at home, Wanda's chairman announced a desire to invest in each of the six major Hollywood studios. Since then, other announced partnerships and investments have faded, principally because of Beijing's pushback against what it deemed to be grossly excessive, and often ill-considered, foreign investment plans by Chinese companies.[54]

Conclusion and Recommendations

Through control of its companies operating abroad, growing influence over foreign companies, and the rapid activation of business-related United Front groups, China is using commercial interests as an important means of exercising "sharp power" influence. As with other sectors, much of China's activity is, regardless of its intent, legal and thus should not be disparaged. The appropriate response to this commercial challenge must be temperate and multifaceted. In some areas, it will require that the political system increase its transparency regarding or reduce its exposure to corporate money entirely, which, given

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its fungibility, ultimately renders any distinction between domestic and foreign sources meaningless. Corporations should also provide greater clarity on their financial and supply chain exposure to China and disclose the presence of CCP members in joint- or wholly owned ventures. In certain instances, new limitations on corporate activity that is harmful to the national interest may be required.

American business leaders should become better versed in the evolving nature of China's global ambitions, especially in the use of United Front tactics for influencing almost all aspects of China's interaction with the United States. American corporations should raise their voices through chambers of commerce or other collective commercial entities that can collectively represent their interests when a company confronts pressures or coercion. To more effectively resist growing Chinese pressures, American corporations will most certainly need to find new ways to cooperate more closely with each other, and at times even in coordination with the US government. Like think tanks, universities, other civil society organizations, and media outlets, American companies will be most vulnerable to Chinese pressure when they are atomized and isolated. In this sense, the challenges with which US corporations are confronted by a rising authoritarian China with a far more ambitious global agenda are not so dissimilar to those confronted by those other sectors of American society highlighted in this report. Each confronts an un-level playing field that lacks reciprocity.

To help rectify these imbalances, in certain instances, the US government should be the one to coordinate collective action, as it recently sought to do with the US airline industry. It may also need to be more prepared to impose reciprocal penalties on Chinese companies or even compensate American companies for losses when they stand up to punitive action from China as an additional incentive to maintain resolve.

Most important, corporate executives, their boards, and their shareholders must double their efforts to exercise the kind of principled leadership and restraint that will help them resist the loss of corporate control in pursuit of short-term profit. This includes not only individual companies but also their representative organizations, notably the US Chamber of Commerce, the US-China Business Council and other specific trade associations. These bodies not only need to promote American business interests by pushing back against Chinese restrictions where necessary but they also need to adopt a heightened awareness of the role that corporations must play in protecting both their own interests and the national economic security of the United States itself.

In the corporate sector, China is not just taking advantage of the openness of American markets, which are rightfully a point of pride for the United States and a pillar of our economic vitality, but it is also exploiting American capitalism's short-termism. This latter predilection could end up being as much of a threat to the ability of American corporations to maintain healthy economic relations with China as Beijing's very strategic and targeted United Front tactics.

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42 While outside of this report's focus on Chinese influence in the United States, the authors believed it important to highlight how China also leverages foreign corporations to legitimize and defend its core interests. Starting in 2018, joint ventures operating in China have been pressured to allow internal Communist Party cells an explicit role in decision making, including investment plans and personnel changes. This is but one of the most explicit signals of Chinese efforts to control foreign enterprises in an effort to legitimize and defend its rule and other core interests, such as its claim to sovereignty over Taiwan. While companies must follow the laws of the jurisdictions in which they operate, China uses the extraordinary combination of its enormous market and its authoritarianism to enforce compliance with laws and norms that deviate from practice elsewhere. Companies' decisions to comply not only affect their financial success within China, but they can also serve to legitimize these practices internationally.

China's government directs significant attention toward American technology companies in an effort to control the flow of information in Chinese society. Many of these companies' services in China are blocked outright or are subject to intrusive national security reviews or other regulatory obstacles. Regardless, many American companies redouble their attempted engagement with the Chinese government. But in

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doing so, they not only become subject to the restrictions on Chinese technology users, but they also help to legitimize China's vision for "cyber-sovereignty," an issue that has become an important ongoing global governance debate. In some cases, they may even be inadvertently advancing China's goals for military technological superiority. American technology CEOs, including those from Google, Apple, and Cisco, are prominent attendees at the World Internet Conference. At one installment of the conference, a Chinese antiterrorism expert argued that Beijing should increase its pressure on foreign internet companies such as Twitter, which he argued should be punished for tweets that "defame the party, Chinese leaders, and related national strategies." Facebook has been notably solicitous of the Chinese government in an effort to enter the Chinese market, reportedly developing a tool that could be used by a third party to censor content. Despite being blocked in China, Facebook nonetheless generates significant advertising revenues from Chinese companies seeking to reach foreign consumers. As it seeks to reenter the Chinese market, Google's willingness to facilitate that country's national artificial intelligence priorities stand in contrast to its decision to end limited AI cooperation with the US Department of Defense. In June 2018, Tsinghua announced that Google's AI chief would serve as an adviser to that university's new center for artificial intelligence research. The company is already involved in research at Peking University and the University of Science and Technology of China, among others. Artificial intelligence is a declared strategic priority for the Chinese government with significant military implications. The Chinese government is actively coordinating the efforts of not just its universities, but also nominally private companies such as Baidu. Commenting on Google's AI China Center, at which several hundred engineers are employed, former deputy defense secretary Bob Work has stated, "anything that's going on in that center is going to be used" by the Chinese military. In the summer of 2018, it was reported that Google was considering reentering the Chinese market with a censored search engine, but Chinese government officials have discounted the prospect and many of Google's own employees have expressed opposition.

China also seeks to enlist foreign corporations to reinforce its so-called "core interests" in ways that have influenced what they feel comfortable saying even outside of China. In early 2018, for example, foreign companies, particularly in the travel industry, were targeted for listing Hong Kong, Taiwan, Macau, and Tibet as separate entities on their websites rather than as sovereign parts of China. The Civil Aviation Administration of China sent letters to international airlines demanding that any references to these destinations except as part of China be removed from their materials and websites. In May, the Trump administration declared the Chinese government's order to airlines to be "Orwellian nonsense and part of a growing trend by the Chinese Communist Party to impose its political views on American citizens and private companies" with which they might not necessarily agree. At the direction of the American government, the airlines initially and collectively declined to follow Beijing's orders, as the US government considered the issue a diplomatic matter to be resolved between governments. However, when China declined to negotiate with the US government over the issue, by July the airlines partially met Beijing's demands by referring only to cities.

Targeting foreign companies' speech extends beyond Taiwan to China's fraught relationship with its ethnic minorities. At Marriott, an employee responsible for managing the company's social media accounts unwittingly liked a tweet by a pro-Tibet group and was fired as a result of the backlash. The company's website and app were blocked in China for one week, at unknown financial cost. Daimler, the German car manufacturer, was similarly forced to apologize for posting a reference to the Dalai Lama, the exiled Tibetan spiritual leader, on social media. In the latter two cases, the companies were targeted even though the social services on which they were posting were blocked inside China. See Martina, Michael. "Exclusive: In China, the Party's Push for Influence inside Foreign . . ." *Reuters.* August 24, 2017. https://www.reuters.com/article/us-china-congress-companies/exclusive-in-china-the-partys-push-for-influence-inside-foreign-firms-stirs-fears-idUSKCN1B40JU; Wong, Chun Han, and Eva Dou. "Foreign Companies in China Get a New Partner: The Communist Party." *Wall Street Journal.* October 29, 2017. https://www.wsj.com/articles/foreign-companies-in-china-get-a-new-partner-the-communist-party-1509297523; "Command and Control: China's Communist Party Extends Reach into Foreign Companies." *Washington Post.* Denyer, Simon. January 28, 2018. https://www.washingtonpost.com/world/asia_pacific/command-and-control

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SECTION 8

Technology and Research

Technology transfers between nations exist on a spectrum of legitimacy. In many developing economies, multinational corporations willingly agree to skills and technology transfer arrangements in exchange for the right to operate. Governments support these measures in the hopes of furthering economic development. Transfers cross the threshold into illegitimacy when coercion, misappropriation, theft, or espionage are deployed with the effect of undermining a company's, and ultimately its home country's, economic competitiveness. China's expropriation of American technology is an example of how it leverages its influence among universities, corporations, and diaspora communities to further strategic objectives. This section reviews the targets of China's expropriation efforts, the state and nontraditional collectors involved, and concludes with recommendations for how the United States can better defend against this phenomenon. It is important to note that not all expropriation of intellectual property occurs at the explicit direction of the government and that China is not the sole country targeting the United States. Nonetheless, China—whether at the level of the state or individual—is considered the most serious offender.

While Chinese cyberthreats and clandestine spying against the United States dominate the public discourse, a far more serious threat is posed by China's informal or "extralegal" transfers of US technology and IP theft.[1] Operating under the radar, these quiet diversions of US technical know-how are carried out by groups and individuals in the United States, whose support for China erodes America's technological edge and ability to compete in international markets. These groups are managed by a professional cadre of Chinese government and government-associated science and technology transfer specialists who facilitate intellectual property "exchanges" through a maze of venues. They target specific advanced technologies drawn from China's industrial planning priorities (e.g., *Made in China 2025*[2]) such as semiconductors, robotics, next-generation information technologies (e.g., big data, smart grid, internet of things), aviation, artificial intelligence, and electric vehicles. As a result of their efforts, a commission convened by the National Bureau of Asian Research concluded that IP theft, primarily from China, costs the American economy hundreds of billions of dollars each year, with significant impact on employment and innovation.[3] Former commander of United States Cyber Command and Director of the National Security Agency General Keith Alexander was even more grave when he asserted the ongoing theft of IP by China represents "the greatest transfer of wealth in human history."[4]

The Dynamics of Chinese IP Theft

Chinese nontraditional collection and IP theft is not done randomly by individuals acting on their own. Rather, China has enacted some two dozen laws that have created a state-run foreign technology transfer apparatus that sponsors, for example, labs in China that rely wholly on information provided by compatriots working abroad. The apparatus also maintains databases of foreign co-optees and distributes stipends, sinecures, and cash to foreign donors of high-tech innovations. In addition, the apparatus is responsible for the care and feeding of agents willing to "serve China while in place" abroad.

Targets

China targets all sources of American innovation, including universities, corporations, and government labs, exploiting both their openness and naïveté. The methods and tradecraft are custom-tailored to each target. For universities, China takes advantage of the commitment to intellectual freedom on campus, which strongly resists government scrutiny of the activities of foreign students in hard science programs and international academic cooperation. For corporations, the lure of the China market gives Beijing tremendous leverage in exacting tech transfer from American firms, combined with financial incentives for employees to purloin intellectual property for personal gain. Finally, US government labs have a historic commitment to international scientific cooperation, and an uneven record of monitoring that cooperation for unsanctioned transfers of information.

These efforts complement China's legitimate efforts to invest in its own indigenous innovative capacity. China has for several decades made science and technology development a priority and appears to have the political will to see it through. This is demonstrated by the R&D funding programs it has put into place, the investment in core scientific infrastructure that is in some cases unparalleled anywhere else in the world, and a national scientifically oriented industrial policy. Yet the continuing intense engagement in IP theft is, in many ways, an indication of the gaps in China's indigenous innovation efforts.

Once acquired, foreign technology is converted in China into products and weapons at 180 "Pioneering Parks for Overseas Chinese Scholars," 160 "Innovation Service Centers," 276 "National Technology Model Transfer Organizations," and an unknown number of "technology business incubators." These facilities are strategically located to ensure wide distribution of the foreign technologies.

Nontraditional Collectors

Nontraditional collectors include Chinese citizens, Chinese Americans with whom the Chinese government is better able to cultivate or coerce, and other Americans. They range from students to researchers. Many are willing participants, such as students from

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Chinese defense universities explicitly tasked with acquiring foreign technology; others are not and targeted for access to research they have pursued by their own passion and intellect. Indeed, some nontraditional collectors may even be unwitting in their support.

Collectors do not appear to be chosen by Beijing for their race or nationality; rather they are targeted for their access to the desired intellectual property and their willingness to violate their employee agreements or national laws. Indeed, more recent scholarship has shattered the shibboleth that the Chinese government only recruits ethnic Chinese. While Chinese intelligence does have a historically strong track record of attempting to recruit ethnic Chinese, primarily because of cultural and language affinity, more recent cases of espionage and technology transfer suggest that the Chinese government has broadened its tradecraft to recruit nonethnic Chinese assets and collectors as well, perhaps as a way of complicating US counterintelligence efforts.

China's most systematic channel for identifying foreign-based nontraditional collectors is its Recruitment Program of Global Experts (海外高层次人才引进计划), commonly known as the Thousand Talents Plan (千人计划) or the Thousand Talents Program (TTP).[5] The TTP is a massive and sustained talent recruitment campaign designed to recruit leading experts from overseas to assist in the country's modernization drive.

Initiated in 2008, the TTP aims to recruit leading overseas scientists and experts who work in areas that are deemed high priority for achieving China's modernization goals.[6] The program originally aimed to recruit 1,000 "overseas talents" (海外人才) over a period of five to ten years. Official Chinese TTP websites list more than three hundred US government researchers and more than six hundred US corporate personnel who have accepted TTP money.[7] In many cases, these individuals do not disclose receiving the TTP money to their employer, which for US government employees is illegal and for corporate personnel likely represents a conflict of interest that violates their employee agreement.

State Collection Apparatus

China's nontraditional collection relies on a web of activities, including open-source research, exchanges, cooperation and professional organizations, direct funding of research, strategic acquisition, or cyberespionage.

Open-source

China's efforts to exploit foreign innovation is further seen in its open-source acquisition infrastructure, which surpasses that of any other country. China employs a cadre of thousands to locate, study, and disseminate foreign journals, patents, proceedings, dissertations, and technical standards without regard to ownership or copyright restrictions. The documents are indexed, archived, and supplied to Chinese commercial and military "customers."

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Exchanges

The Chinese government organizes and pays for exchanges in which participants travel from the United States, divulge technical knowledge through scripted venues, are briefed on China's technology interests, return to their US base to collect more information, and repeat the process. China has a program for what it euphemistically calls "short-term visits" by co-opted foreigners, which, stripped of its rhetoric, is indistinguishable from state-run espionage.

Cooperation organizations and advocacy groups

Many Sino-US S&T "cooperation" organizations in the United States facilitate these transfers and have individual memberships of hundreds to thousands. The figure scales to some ninety such groups worldwide. Members usually are expatriate Chinese, although China is expanding its recruitment of nonethnic Chinese. One significant example of a Sino-US S&T cooperation organization is Triway Enterprise, Inc. (三立国际有限公司), an "external training institute" set up under the auspices of the State Administration of Foreign Experts Affairs in Falls Church, Virginia, with branches in Beijing and Nanjing. According to the Chinese version of the website, the company "since 1993 has been putting its energy into promoting bilateral exchange and cooperation between China and the US in the fields of S&T, culture, education and management with great success."[8]

China S&T advocacy groups in the United States declare loyalty to China and acknowledge a "duty" to support China's development. Members visit China to lecture, guide Chinese technical projects, transfer technologies, receive shopping lists from Chinese entities, and engage in other kinds of "technical exchanges." Many of them sit on Chinese government boards that decide the future of China's national technology investment. Another example of a China S&T advocacy group is the Silicon Valley Chinese Engineers Association (硅谷中国工程师协会), which describes itself as "a non-profit professional organization formed mainly by the professionals in the Bay Area from mainland China with a mission to promote professionalism and entrepreneurship among members," which is achieved by "organizing a variety of professional activities and *establishing channels to allow members to engage in China's rapid economic development*" [emphasis added].[9]

Chinese government tech transfer offices, facilitation companies, and career transfer personnel, some of whom are posted to China's diplomatic offices, support and direct the US-based groups. In China, hundreds of government offices are devoted entirely to facilitating foreign transfers of technology "by diverse means."

Joint research

The preferred method of establishing a research beachhead in the United States is through the formation of a joint research center with a prominent US university. One example

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is the China-US Joint Research Center for Ecosystem and Environmental Change at the University of Tennessee, Knoxville.[10] Launched in 2006, researchers from the University of Tennessee and the DOE-funded Oak Ridge National Laboratory partnered with the Chinese Academy of Sciences to address "the combined effects of climate change and human activities on regional and global ecosystems and explore technologies for restoration of degraded environments." The center's research focuses on science at the heart of the "green technology" revolution, which is one of Beijing's major national industrial policy objectives.

The center's website lays out three goals that match nicely with a tech transfer agenda: (1) organize and implement international scientific and engineering research; (2) serve as a center for scientific information exchange; and (3) provide international education and technical training.[11] The website goes on to outline cooperative mechanisms to achieve these goals, including joint research projects, academic exchange, student education, and "*technical transfer and training* [emphasis added]."[12] This dynamic differs fundamentally from the mission of Western research facilities abroad, which is to adapt technology already in their portfolios to sell in foreign markets. A PRC study on the benefits of overseas "research" to obtain foreign technology put it this way: "How can you get the tiger cub if you don't go into the tiger's den?" (不入虎穴,焉得虎子).[13]

Cyber

Perhaps the most damaging channel for stealing US intellectual property is cyberespionage. As noted above, NSA director Keith Alexander has called cyberespionage by Chinese state actors the "greatest transfer of wealth in human history." Cyberespionage is both a means for pilfering US science and technology, as well as a method of intelligence collection for potential attacks against American military, government, and commercial technical systems. As a result, these cyber intrusions represent a fundamental threat to American economic competitiveness and national security.

Other means of misappropriation

While not technology transfer per se, counterfeiting is so common in China that it has the same practical effect. Schemes range from the subtle to blatant: benchmarking against ISO standards;[14] patent research where a design is modified slightly, if at all, re-patented in China and "legally" produced with government protection;[15] reverse engineering;[16] "imitative innovation" (模仿创新)[17] with or without the innovation (also called "imitative remanufacturing" 模仿改造);[18] and marketing the pirated product without or with its original logo.[19] Other reporting has detailed how the Chinese government exploits regulatory panels (often with members who have direct conflicts of interest by working for local competitors) and antitrust investigations to acquire trade secrets from foreign companies, aiding domestic industries.[20]

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Conclusion and Recommendations

China's aggressive policy is threatening the advantages the United States has long enjoyed as a scientifically creative nation. This is occurring as a declining number of US students are getting advanced degrees in science and technology, R&D funds are dropping off, and the nation's manufacturing base is shrinking.[21] When combined with a more scientifically competent China that is also using the discoveries of others, the future of US competitiveness comes into question.

The best source of resiliency in the face of rampant IP theft from China is continued and expanded reinvestment in American innovation. The United States can recover its competitiveness by manufacturing what it invents and rebuilding the scientific foundation on which its competitive edge depends. But unless active efforts are made to prevent countries from inappropriately exploiting American technologies developed at great cost, efforts at national reconstruction will be wasted. The United States' current defense of intellectual property has not been effective in refuting appropriation by China, by all accounts the world's worst offender.

A key source of American creativity—the country's individualism and openness—makes it difficult to implement collective efforts to protect the products of American innovation. Nonetheless, policies and processes can be improved to reduce the risk of misappropriation without compromising America's innovative capacity. These require improved transparency with better information and screening, enhanced export controls, and stronger investment reviews.

Transparency, better information, and screening

One of the most glaring factors that facilitates IP theft is the fact that recipients of Chinese funding programs, such as the Thousand Talents Program described above, routinely do not declare their work in China. At a minimum, recipients should be required to register as foreign agents under the Foreign Agents Registration Act (FARA).[22] Recipients who are active government employees may be breaking the law, as 18 US Code § 209 prohibits accepting supplemental income for performing the same role that falls under the scope of their government employment.[23]

The US government and universities should also take an evidence- and risk-based assessment when determining whether to admit students into major research programs. The current system, known as the Student and Exchange Visitor Information System (SEVIS),[24] is designed "to track and monitor schools and programs, students, exchange visitors and their dependents while approved to participate in the US education system." SEVIS collects data on surnames and first names, addresses, date and country of birth, dependents' information, nationality/citizenship, funding, school, program name, date of study commencement,

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education degree level, and authorization for on-campus employment. As of March 2011, China had the largest number of students in SEVIS, at 158,698.[25]

The FBI has access to all of the student data contained in SEVIS, and no longer needs the permission of DHS to initiate investigations of foreign students.[26] However, the laws, regulations, and directives governing SEVIS do not require some additional critical pieces of information, which are nonetheless perceived to be important to manage the program. According to the Government Accounting Office (GAO):

- the nonimmigrant visa number, expiration date, and issuing post are optional and only captured if entered into the system by the school or exchange visitor program;
- the nonimmigrant driver's license number and issuing state were imposed by the interagency working group and support investigative efforts; and
- the nonimmigrant passport number, passport expiration date, and passport issuing country are optional and only captured if entered into the system by the school or exchange visitor program.[27]

It is difficult to ascertain from open sources whether these problems have been fixed, but the nonmandatory data are key investigative details that would be critical for federal law enforcement seeking to assess possible illicit technology transfers by students.

Improved export controls

The second major policy problem involves PRC student access to controlled technology under the deemed export system. According to the Commerce Department, a restricted product or technology is "deemed," or considered exported, when it is used by a foreign national in the United States.[28] However, under these rules, a university or research lab does not need a deemed export license if a foreign graduate student is merely present in a lab. It only needs a license if it intends to export that technology to the foreign national's country.

From 2004 to 2006, the US Commerce Department attempted to change these rules,[29] but was stymied by opposition from universities and research labs.[30] Yet the continued flow of controlled technology to the PRC and the findings of GAO studies on the problems of university oversight[31] strongly suggest that Commerce's recommendations should be reexamined.

In 2009, then president Obama "directed a broad-based interagency reform of the US export control system with the goal of strengthening national security and the competitiveness of key US manufacturing and technology sectors by focusing on current threats and adapting

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to the changing economic and technological landscape."[32] Specifically, the initiative aimed to "build higher fences" around a core set of items whose misuse can pose a national security threat to the United States.[33]

The reform initiative is synchronizing the two existing control lists, the Munitions List and the Commerce Control List, so that they are "tiered" to distinguish the types of items that should be subject to stricter or more permissive levels of control for different destinations, end uses, and end users; create a "bright line" between the two current control lists to clarify which list an item is controlled on, and reduce government and industry uncertainty about whether particular items are subject to the control of the State Department or the Commerce Department; and are structurally aligned so that they potentially can be combined into a single list of controlled items.[34]

Moreover, the lists will be transformed into a "positive list" that describes controlled items using objective criteria (e.g., technical parameters such as horsepower or microns) rather than broad, open-ended, subjective, generic, or design intent-based criteria.[35] After applying these criteria, the list will be divided into three tiers based on their military importance and availability.[36]

On the one hand, these reforms could greatly improve the efficiency of the export control bureaucracy, preventing fewer technologies from slipping between the cracks and finding their way to China. They could also make the system and its control lists better able to keep pace with technological change, which had been a major problem with the old system, particularly with regard to fast-moving information technologies. On the other hand, the reforms appear to loosen controls over dual-use technologies, which China has a long and successful track record of integrating into advanced systems, and which can form the core of new innovations. The future of these reforms is unclear as the Trump administration appears to focus on more aggressive trade strategies and policies designed to protect US industries and punish offending Chinese companies.

Strong investment reviews

The Committee on Foreign Investment in the United States (CFIUS) is an interagency committee that serves the president in overseeing the national security implications of foreign investment in the economy.[37] As China's economy and financial weight has grown, CFIUS has reviewed an increasing number of proposed acquisitions of American companies and infrastructure by Chinese entities. Many of these proposed mergers have received high levels of media and congressional attention, and most of the high-profile cases have ended in rejection or strong discouragement leading to abandonment of the deal. While the CFIUS process may have prevented individual cases of sensitive or illegal technology transfer, it could also have had the unintended effect of forcing Chinese actors to steal the data through espionage because of their inability to buy them. Recent legislation, signed by

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President Trump, is a substantial improvement to CFIUS, closing loopholes that the Chinese had been exploiting and broadening the scope of the CFIUS authorities in important ways. The new law extends CFIUS review time-frames, increases the types of transactions subject to CFIUS' jurisdiction, makes certain notifications mandatory, and establishes a process for potentially expedited review and approval of certain transactions. The four new "covered transactions" include real estate deals near US national security facilities, deals involving "critical infrastructure" or "critical technologies," changes in ownership rights by a foreign investor, and any transaction designed to evade the CFIUS process. In exchange for all these additional burdens, the new law also helps companies by clarifying time limits for decisions and places important jurisdictional limits on the expansion of the law's scope.

NOTES

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10 "China-US Joint Research Center for Ecosystem and Environmental Change." University of Tennessee Knoxville. http://jrceec.utk.edu/about.html.

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APPENDIX 1

Chinese Influence Operations Bureaucracy

While recent months have brought increased attention to the United Front Work Department, or "United Front activities," it is important to emphasize that this is but one of many institutions within the Chinese party-state involved in influence operations. As the accompanying graphic illustrates, the bureaucracy involved in extending China's global influence is large, complex, and specialized in function. Generally speaking, there are three types of bureaucratic organizations included in the chart: (1) policy coordination; (2) policy formulation and implementation; and (3) organizations with specialized functions.

As a Leninist party-state, CCP organizations have higher political status than government institutions. This has become even more pronounced under the Party's general secretary Xi Jinping and following the bureaucratic reorganization announced after the March 2018 meeting of the National People's Congress. Generally speaking, Party organs make policies, which are then implemented by state bureaucracies. There is *no* single organization overseeing the entirety of the country's influence operations abroad. The most important CCP organizations in the diagram are the Foreign Affairs Commission, the External Propaganda Leading Group/State Council Information Office, the CCP Propaganda Department, the CCP United Front Work Department, the CCP International Liaison Department, and United Front departments inside the People's Liberation Army. Critical policies related to foreign affairs are formulated in these bodies. The same organizations are also involved in coordinating the implementation of these policies.

The Policy-Making Process in the Chinese Party-State

The process is driven both by top leadership and functional bureaucracies. Policy formulation, which involves the generation of ideas and proposals, typically takes place in functional bureaucracies and specialized departments within these bureaucracies. In the process of policy formulation, one bureaucracy specializing in the functional or issue area (for example, propaganda) may take charge, but it

also consults with other bureaucracies that may have a stake in the issue. The draft policy proposals are then forwarded to the Leading Small Groups (领导小组), which deliberate, vet, and sign off on the policy proposals before sending them to the Politburo and the Politburo Standing Committee for a final decision. These leading small groups, which range in size from five to a dozen members, are normally chaired by a Politburo member and include a range of ministerial-level officials relevant to that functional policy area. Some meet at regular intervals (biweekly), whereas most convene on an ad hoc basis when necessary. In this formal, ministry- or department-initiated process, the ultimate decision-making authority lies with the Politburo Standing Committee.

At this level of policy formulation, of particular relevance to China's international influence activities are the External Propaganda Leading Group (对外宣传领导小组), which has a dual bureaucratic identity as the State Council Information Office (国务新闻办公室); the Central Committee Propaganda Department (中共中央宣传部); the Central Committee United Front Work Department (中共中央统战部); the Central Committee Foreign Affairs Commission (中共外事委员会);[1] and the Central Committee Education Leading Small Group (教育部). Although bureaucratically ranked slightly lower, the Ministry of Culture and Tourism, the Ministry of Education, the newly created Voice of China, and the Xinhua News Agency all exercise policy formulation and oversight roles in their functional domains.

There is also a parallel top-down policy process initiated by one of the top leaders on the Politburo Standing Committee. As a rule, Xi Jinping, the CCP general secretary, has broad authority and may issue a brief directive on a matter he believes should receive extra attention or priority. (Typically, such directives are short comments he writes on reports that come across his desk.) Otherwise, only a Politburo Standing Committee (PBSC) member overseeing a particular portfolio can issue such directives on matters that fall into his area of responsibility. Such comments are then related to the functional bureaucracies and can lead to the formulation of a new policy, the modification of an existing policy, or other actions.

On the Politburo and its seven-member PBSC, several members have direct responsibility for external affairs. As the chair of the Foreign Affairs Commission, Xi has overall authority on all aspects of China's foreign relations. Wang Huning, the Standing Committee member responsible for Party affairs, ideology, and propaganda,

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is the top official with oversight of China's overseas propaganda (外宣) efforts, while Politburo member and director of the CCP Propaganda Department Huang Kunming oversees all media organs and has day-to-day oversight of the entire propaganda system. Wang Yang, another PBSC member and the chairman of the Chinese People's Political Consultative Conference (CPPCC), has overall responsibility for the United Front portfolio, although Sun Chunlan (the only female member of the twenty-five-man Politburo and former director of the United Front Work Department from 2014 to 2017) may also continue to have some residual responsibilities as well, since her current portfolio includes education and culture. Additionally, You Quan, a member of the Politburo Secretariat, is now the new head of the UFWD, and he is in charge of the day-to-day work of the department. These leaders' views on particular issues carry a great deal of weight and can often result in significant policy initiatives or modifications.

Besides issuing brief policy directives via their comments on documents (known as 批示), top leaders can also communicate their ideas or orders in conversations or meetings with the ministers in charge of functional bureaucracies. Such ideas or orders can lead to actions at the implementation level or to the formulation of a new policy or the modifications of an existing policy.

Policy Coordination

The Foreign Affairs Commission, which used to be called the Foreign Affairs Leading Small Group (est. 1956), is by far the most important. The role of the Commission is similar to that of the interagency "principals committees" in the US system. Its chairman is Xi Jinping, while Premier Li Keqiang and Vice President Wang Qishan serve as vice chairmen. Other PBSC members Wang Huning and Han Zheng are members. Le Yucheng, a vice minister of Foreign Affairs, is deputy director. Other members of the Commission include the most senior leaders of the Chinese government: Yang Jiechi, and the ministers of Foreign Affairs, State Security, Defense, Public Security, Commerce, the CCP's International Liaison Department, Taiwan Affairs Office, Hong Kong and Macao Affairs Office, Propaganda Department, External Propaganda Office, and Overseas Chinese Affairs Office.

The Commission also has an attached "office," known as the Central Foreign Affairs Office (中央外办), which has a dedicated staff of approximately fifty (many of whom are seconded from the Ministry of Foreign Affairs, International Liaison Department of the

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CCP, other ministries, and the military). The director of this office is currently Yang Jiechi—a Politburo member, former state councilor, and veteran diplomat. This body is the central coordinating body for China's foreign affairs—across all bureaucracies—on a daily basis.

While the Foreign Affairs Commission is the principal organization in the making and coordination of China's overall foreign policy, the United Front Leading Small Group and the External Propaganda Leading Small Group also have important—but somewhat lower—status in the Chinese hierarchy. They are led, respectively, by the Politburo Standing Committee member in charge of ideology and propaganda and the head of the United Front Work Department. The Leading Small Group for United Front Work is located inside the CCP's United Front Work Department and draws on UFWD personnel for staff work. The Leading Small Group for External Propaganda is subordinate to the CCP Leading Small Group for Propaganda and Ideology and is required to seek guidance from the Foreign Affairs Commission, and it draws on the State Council Information Office (with which it has a dual role) for staff work. Both groups play an important role in the formulation of policy and coordination of implementation in their respective sectors.

Conferences

Another important instrument in the coordination of policy is the Central or National Conferences that are convened to formulate and announce new policy objectives and mobilize the bureaucracy to implement these policies. Some of these conferences are convened more frequently and are more important than others. Four central or national conferences are held to coordinate foreign policy and external influence operations: the Central Foreign Affairs Work Conference, the External Propaganda Work Conference, the Central United Front Work Conference, and the National Overseas Chinese Work Conference. These are large gatherings that last two to three days and are attended by key central, provincial, and local leaders, as well as various ministries and the Chinese military. These conferences serve to provide overall policy direction to cadres working in that bureaucratic system (系统) as well as to issue very specific annual plans for the coming year's activities.[2]

One measure of the importance of these conferences can be gauged by who gives the keynote speech. For example, Xi Jinping gave the keynote speeches at the Central Foreign Affairs Work Conference (2014 and 2018), the Central United Front Work

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Conference (2015), and the National Propaganda Work Conference (2013 and 2018). When Xi does not give the keynote speech, the Politburo member in charge of that domain gives it. By contrast, the keynote speech at the National Overseas Chinese Conference in 2017 was given by Yang Jiechi, who was at that time a state councilor responsible for foreign affairs.

- The Central Foreign Affairs Work Conference is held at irregular intervals (2006, 2014, and 2018) to review Chinese foreign policy and announce new initiatives and objectives. It is attended by key ministers, ambassadors, senior military officers, and local officials responsible for foreign affairs.

- The Central United Front Work Conference, which used to be called the National United Front Work Conference, is also convened at irregular intervals (2000, 2006, and 2015). Both national and local officials responsible for religious, ethnic, and overseas Chinese affairs participate.

- Prior to 2013, the External Propaganda Work Conference was convened annually. But starting after that year, this conference has become part of the annual National Propaganda Work Conference. Officials in the propaganda sector from all over China attend these conferences.

- The National Overseas Chinese Work Conference was held roughly every six years (2005, 2011, and 2017). Only national and local officials responsible for overseas Chinese affairs participate.

Hierarchy and Division of Labor

The CCP-affiliated organizations in our diagram that are involved in making policies concerned with Chinese influence activities abroad enjoy higher political status than those that execute these policies. What makes the Chinese system notable is the division of labor, the specialization of its bureaucracies, and the staffing of these bureaucracies with well-trained and experienced professionals. Besides engaging their counterparts overseas, these bureaucracies either oversee or directly conduct influence operations in their areas of specialization. While there exists *no* single organization overseeing the entirety of China's influence activities abroad (although if any one does have such sweeping purview, it is the Foreign Affairs Commission), in the implementation of policies aimed to expand Chinese influence abroad, there

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are two types of bureaucracies: (1) general-purpose bureaucracies, and (2) specialized bureaucracies. The following institutional profiles include many of the principal bodies involved in China's overseas influence activities.

Ministry of Foreign Affairs

The Ministry of Foreign Affairs is a typical general-purpose bureaucracy that serves as China's main interlocutor with foreign governments. But since most of its time is consumed by routine diplomatic activities, the Foreign Ministry itself does not play a significant role in influence operations overseas. The one area where it does is via its Department of Public Diplomacy (外交部公共外交司), which primarily oversees the MFA Spokesman's Office in Beijing, international media outreach, and China's embassy spokesmen abroad; international visitor programs; and "exchange" organizations, such as the Chinese People's Institute of Foreign Affairs (which bring a range of former officials and international affairs experts to China). Also, the MFA is important insofar as Chinese embassies abroad have representatives of the Ministry of Culture, the Xinhua News Agency, the CCP International Liaison Department, the Ministry of Education, and other bureaucratic bodies, each of which are involved in foreign influence activities.

United Front Work Department

The CCP United Front Work Department is a specialized CCP organization, one of four Central Committee departments.[3] Its principal mission is to build support for the CCP and its policies among domestic ethnic groups, religious groups, the eight so-called democratic parties (民主党派), the Chinese diaspora worldwide, and political, economic, and social elites in Hong Kong, Macao, and Taiwan. These United Front activities have a long history dating to the CCP's pre-1949 rise to power. The main tasks and objectives of the CCP's United Front activities outside of Greater China are laid out in Article 31 of the CCP Guidelines on United Front Work (中国共产党统一战线工作条例) issued in 2015—they target almost exclusively the Chinese diaspora, who are supposed to be encouraged to "contribute to the modernization and reunification of the motherland, advance the cause of opposing (Taiwanese) independence and promoting reunification, inherit and propagate China's outstanding culture, and promote the friendship between the Chinese people and the peoples of the other countries in the world."

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Although the United Front Work Department has attracted much media attention, and the term "United Front" has become a euphemistic one for many analysts writing about China's influence activities abroad, the scope of the UFWD's activities in China's external influence operations is actually limited. Its primary target audience is the Chinese diaspora in general, and its elite members in particular. The mission of engaging and influencing nonethnic Chinese audiences, individuals, and foreign institutions is assigned to other specialized Chinese entities—such as the Chinese Academy of Social Sciences, the Ministry of Culture, the Ministry of Education, the Ministry of State Security (e.g., China Institutes of Contemporary International Relations), and other institutions that have well-trained professionals and long-standing ties with their counterparts overseas.

International [Liaison] Department

The CCP's International [Liaison] Department (中央联络部) is in charge of "party-to-party relations" (党际关系) and has the primary mission of cultivating foreign political parties and politicians around the world. This Party organ has existed since before 1949 and was formerly charged with maintaining China's fraternal ties with other communist and socialist parties around the world, but in the wake of the Cold War, the CCP/ID drastically broadened its mandate to interact with virtually all political parties abroad (except fascist and racist parties). Today it claims to maintain ties with over 400 political parties in 140 countries, receives about 200 delegations, and dispatches about 100 abroad every year. CCP/ID exchanges have provided an important prism through which the CCP and other organizations in China monitor the outside world and absorb lessons for China's own modernization. This kind of information gathering goes well beyond traditional intelligence collection (although, to be sure, the ID also engages in this activity).

Through its interactions with political parties all over the world, the CCP/ID serves an important function as a kind of "radar" for identifying up-and-coming foreign politicians before they attain national prominence and office. Having identified such rising stars, the CCP/ID brings them to China (usually on all-expenses-paid visits)—often offering them their first exposure to China and trying to make the best possible impression on them. Another key dimension of this function has been to expose CCP leaders at the provincial and sub-provincial levels to the outside world—often for the first time. Many provincial Party secretaries, governors, mayors and other leading local cadres are taken abroad on ID delegations every year. The CCP/ID has

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also played a key diplomatic role in certain instances, such as providing a liaison dialogue channel between the United States and North Korea.

In addition, the ILD performs a range of other functions:

- Administering "private sector" liaison organizations to facilitate contact with think tanks, NGOs, and individuals worldwide;
- Collecting current intelligence and information on the foreign policies, domestic political scene and political parties, and societies in various nations worldwide;
- Sending special study teams abroad to research important topics related to China's reforms;
- Contributing to the work of Chinese embassies worldwide (usually monitoring domestic politics and liaising with domestic political parties, movements, and personages);
- Working with other CCP Central Committee departments and State Council ministries to facilitate their work overseas (e.g., assisting the United Front Work Department concerning Taiwan, the External Propaganda Leading Group/State Council Information Office concerning China's image abroad, or the National People's Congress on parliamentary exchanges);
- Arranging visits of central-level, provincial-level, municipal-level, and occasionally sub-provincial level CCP officials abroad;
- Hosting foreign leaders, politicians, party officials, ex-officials, as well as a range of foreign policy specialists, on tours of China;
- Hosting biannual World Political Parties High-Level Meeting, and the annual "CCP in Dialogue with the World" meeting.

As such, the ILD performs extremely important roles overseas and is a key—but underappreciated and even unknown—instrument in China's international influence activities.

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The State Council Information Office/External Propaganda Leading Group

The State Council Information Office/External Propaganda Leading Group is the nerve center and leading organ in the sprawling system of China's international propaganda (对外外宣) work. It maps out the entirety of China's overseas "publicity" work, assigns different bureaucratic entities with specific tasks, fixes budgets for entities in this system, and convenes yearly meetings to implement the annual external propaganda plan (对外宣传计划). The SCIO is commonly known in Chinese both as the Guo Xin Ban (国新办) and Wai Xuan Ban (External Propaganda Office, 外宣办). The reason for the two names is because it straddles two bureaucratic systems—the party and the state. It is formally under the State Council, but it is also overseen by the Chinese Communist Party's External Propaganda Leading Group (or EPLG). This bureaucratic duality is what the Chinese describe as "one organ, two signboards" (一个机构两块牌子), a reference to the white placards that hang outside the gates of all Chinese institutions (in this case giving the appearance of two different institutions, but in reality with only one inside). As such, the SCIO is the administrative office for the EPLG, playing a coordinating role in the media area similar to that performed by the Central Foreign Affairs Office (CFAO, 中央外办) for the Foreign Affairs Commission (中央外事委员会).

NOTES

1 This body was upgraded from Leading Small Group status in March 2018.

2 These plans are normally classified and only circulated within the Chinese bureaucracies, but occasionally they find their way into the public domain. See, for example, State Council Information Office. "Summary of China's External Propaganda Work in 2013" [中国对外宣传工作 2013年综述]. Chinese Academy of Social Sciences Journalism Institute (ed.). *China Journalism Yearbook* [中国新闻年鉴 2014]. Beijing: Zhongguo Shehui Kexue Chubanshe. 2014. 63–66.

3 See Bowe, Alexander. "China's Overseas United Front Work: Background and Implications for the United States." US-China Economic & Security Review Commission. August 24, 2018; Kynge, James, et al. "Inside China's Secret 'Magic Weapon' for Worldwide Influence." *Financial Times*. 26 Oct. 2017, http://www.ft.com/content/fb2b3934-b004-11e7-beba-5521c713abf4.; Brady, Anne-Marie. "Magic Weapons: China's Political Influence Activities under Xi Jinping." Wilson Center Kissinger Institute on China and the United States. September 18, 2017. https://www.wilsoncenter.org/article/magic-weapons-chinas-political-influence-activities-under-xi-jinping.

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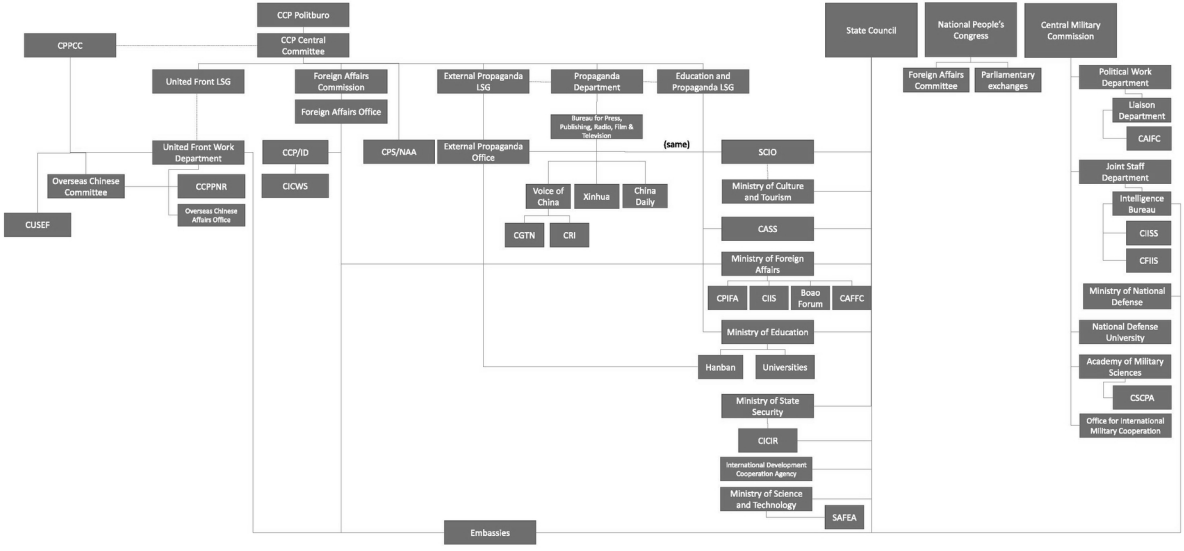
Chinese Influence Operations Bureaucracy



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CAFFC	China Association for Friendship with Foreign Countries
CAIFC	China Association for International Friendly Contact
CASS	Chinese Academy of Social Sciences
CCP	Chinese Communist Party
CCP/ID	Chinese Communist Party International Liaison Department
CCPPNR	China Council for Promotion of Peaceful National Reunification
CFIIS	China Foundation for International Strategic Studies
CGTN	China Global Television Network
CICIR	China Institutes of Contemporary International Relations
CICWS	China Institute of Contemporary World Studies
CIIS	China Institute of International Studies
CIISS	China Institute of International and Strategic Studies
CMC	Central Military Commission
CPIFA	Chinese People's Institute of Foreign Affairs
CPPCC	Chinese People's Political Consultative Conference
CPS/NAA	Central Party School / National Administration Academy
CRI	China Radio International
CSCPA	China Strategic Culture Promotion Association
CUSEF	China United States Exchange Foundation
FAO	Foreign Affairs Office
FALSG	Foreign Affairs Leading Small Group
LSG	Leading Small Group
SAFEA	State Administration of Foreign Experts Affairs
SCIO	State Council Information Office
UFLSG	United Front Leading Small Group

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APPENDIX 2

Chinese Influence Activities in Select Countries

This report has focused on the range of challenges the United States faces in an era of accelerating Chinese influence activities on multiple fronts. But this issue is hardly unique to the United States—indeed, China's influence activities now occur all around the world. In some instances, notably Australia, these activities appear to have proceeded much further than they have so far in the United States. In general, they seem more advanced in Asia and Europe, but there is also evidence of such activities in Africa and Latin America as well.

In order to explore some of the wider patterns that have emerged, this appendix offers brief summaries of the effects of such activities in eight countries: Australia, Canada, France, Germany, Japan, New Zealand, Singapore, and the United Kingdom. In each of these settings, the Chinese Communist Party (CCP) has refined its efforts through trial and error in order to exploit a critical asymmetry: China's Communist party-state has established barriers to external political influence at home while, at the same time, seizing upon the openness of democratic systems overseas.

China seeks to make itself more palatable to democratic societies by using many of the customary vehicles of soft power—such as state-funded research centers, media outlets, university ties, and people-to-people exchange programs. These programs mimic the work of independent civil society institutions in a democracy, cloaking the extent to which the party-state controls these activities and genuine civil society is tightly repressed inside China. In conjunction with the dramatic expansion of Chinese economic interests abroad, the Chinese government has focused its influence initiatives on obscuring its policies and suppressing, to the extent possible, voices beyond China's borders that are critical of the CCP.[1] Targeting the media, academia, and the policy community, Beijing seeks to penetrate institutions in democratic states that might draw attention or raise obstacles to CCP interests, creating disincentives for any such resistance. Chinese economic activity is another important tool in this effort. Beijing is particularly skilled at using economic leverage to advance political goals in the realm of ideas, working through indirect channels that are not always apparent unless one examines Chinese business activities in conjunction with Beijing's other influence efforts.

Democracies worldwide are reckoning with the impact of "sharp power."[2] From Central Europe, where China has created the "16 + 1 Initiative," to sub-Saharan Africa and Latin America, where Chinese engagement in infrastructure and the media has grown discernibly in recent years, China's sharp power has come into view. A good deal more study is needed to understand the impact of these influence activities globally. Only with such understanding and comparative case studies can democratic societies craft responses that safeguard the integrity of their institutions while staying true to liberal democratic values.

NOTES

1 Sarah Cook, "The Long Shadow of Chinese Censorship: How the Communist Party's Media Restrictions Affect News Outlets Around the World," Center for International Media Assistance, October 22, 2013, accessed October 11, 2018, http://www.cima.ned.org/wp-content/uploads/2015/02/CIMA-China_Sarah%20Cook.pdf.

2 Juan Pablo Cardenal, Jacek Kucharczyk, Grigorij Mesežnikov, and Gabriela Pleschová, *Sharp Power: Rising Authoritarian Influence* (Washington, DC: National Endowment for Democracy, December 2017), accessed October 11, 2018, https://www.ned.org/wp-content/uploads/2017/12/Sharp-Power-Rising-Authoritarian-Influence-Full-Report.pdf.

AUSTRALIA

Australian journalists, scholars, officials, and political leaders have found themselves on the frontlines of a global debate on how the Chinese Communist Party is working to covertly manipulate the political processes of democracies around the world. The Australian government has been the first to formulate a coherent and principled policy response. These efforts have had a catalyzing international impact. Randall Schriver, the Pentagon's senior official for Asia, said Australia has "woken up people in a lot of countries to take a look at Chinese activity within their own borders."[1] Hillary Clinton, the former New York senator and presidential candidate, said Australia (together with New Zealand) has sounded the alarm on "a new global battle."[2] Government leaders in New Zealand, Canada, and the United Kingdom have all been paying close attention to these growing Chinese activities. And yet, despite leading the way, effective implementation is far from assured in Australia. Sustaining a counter-interference strategy against the CCP—with its unrivalled resources and organization—will require an unprecedented degree of policy fortitude and political strategy from Australian political leaders on both sides of the parliamentary aisle as well as the support of business leaders and the general public.

The Australia conversation has mostly been led by enterprising journalists and aided by a handful of sinologists. It has been a healthy catalytic process in which security agencies have been communicating warnings to institutions at risk and politicians

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have been taking security agencies and credible media investigations seriously. The director-general of the Australian Security Intelligence Organization, Duncan Lewis, said the espionage and interference threat is greater now than at any time during the Cold War due to a greater number of foreign intelligence actors and the advent of cybertechnologies. He said foreign interference activities range from "a foreign power using local Australians to observe and harass its diaspora community here in our country through to the recruitment and co-opting of influential and powerful Australian voices to lobby our decision-makers."[3]

Much of the debate—particularly in its early stages—has been anchored in the community of Chinese Australians. Ethnic Chinese writers, entrepreneurs, and activists led the way in drawing the nation's attention to the party's efforts to suppress the diversity of their opinions through surveillance, coercion, and co-option. In 2005, Chinese defector Chen Yonglin exposed an enormous informant network that kept tabs on Chinese Australians, including Falun Gong practitioners, who defied the party line. In 2008, thousands of red flag-waving students were mobilized to march on Canberra's Parliament to "defend the sacred Olympic torch" against pro-Tibet and other protestors as the torch wound its way to the Olympic ceremony in Beijing.[4] More recently, Chinese Australian journalists have laid a foundation of investigative reporting on the Chinese Communist Party's concealed links to Australian politics. Philip Wen, Beijing correspondent for the *Sydney Morning Herald*, showed how the party was "astroturfing" grassroots political movements to give the impression of ethnic Chinese support for Beijing's policies and leaders and to drown out its opponents. Over the past two years, Australian investigative journalists have documented a series of examples of Beijing-linked political donors buying access and influence, universities being co-opted as "propaganda vehicles," and Australian-funded scientific research being diverted to aid the modernization of the People's Liberation Army (PLA). Some of those reports showed how the CCP was using tools of coercion and co-option to manipulate deliberations of the Australian Parliament.

In 2017, CCP interference in Australian democratic processes became so brazen that party officials began to use their capability for interference as diplomatic leverage. The targets were bipartisan. The CCP reportedly leveraged the fact of its arbitrary power over Australian prisoners in China as it sought to persuade the Malcolm Turnbull government to ratify a controversial extradition treaty.[5] And Meng Jianzhu, then China's minister of public security, warned the Labor opposition leadership about the electoral consequences of failing to endorse the treaty. According to the *Australian* newspaper: "Mr. Meng said it would be a shame if Chinese government representatives had to tell the Chinese community in Australia that Labor did not support the relationship between Australia and China."[6]

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In June 2017, a joint investigation by the Australian Broadcasting Corporation and Fairfax Media revealed that the Australian Security Intelligence Organization (ASIO) had warned the major political parties that two of Australia's most generous political donors had "strong connections to the Chinese Communist Party" and that their "donations might come with strings attached."[7] One of them leveraged a $400,000 donation in an attempt to soften the Labor Party line on the South China Sea. Most notoriously, an ambitious young Labor senator, Sam Dastyari, was shown to have recited Beijing's South China Sea talking points almost word-for-word immediately after the political donor had threatened to withdraw his money. Dastyari was also shown to have given countersurveillance advice to the donor. As a result of these actions, Dastyari was forced to resign from Parliament. Again, the CCP was shown to be working both sides of the political aisle. The Liberal trade minister, Andrew Robb, was shown to have stepped directly from office into a consultancy job to the CCP-linked company that bought a controversial lease for the Port of Darwin. The contract showed Robb to be earning 880,000 Australian dollars per year (more than 600,000 US dollars plus goods and services tax) for unspecified services.[8]

Response and Counterresponse

In December 2017, as the political attacks on Dastyari came to a head, Prime Minister Turnbull revealed that his coalition government had been "galvanized" by a classified report into foreign interference which he had commissioned in August 2016. Turnbull unveiled a new counter-foreign-interference strategy which he said would be shaped by four principles. First, the strategy would target the activities of foreign states and not the loyalties of foreign-born Australians. As Turnbull put it, "Our diaspora communities are part of the solution, not the problem." Second, the strategy would be country-agnostic and not single out Chinese interference. Third, it would distinguish conduct that is "covert, coercive, or corrupting" from legitimate and transparent public diplomacy. And fourth, it would be built upon the pillars of "sunlight, enforcement, deterrence, and capability."[9]

At the same time, the prime minister introduced sweeping new legislation into Parliament. One bill introduced a wide-reaching ban on foreign political donations, including measures to prevent foreigners from channeling donations through local entities.[10] A second bill imposed disclosure obligations for those working in Australian politics on behalf of a foreign principal. This bill would capture many of the indirect methodologies of CCP intelligence and United Front Work Department (UFWD) operations that are not caught by the US Foreign Agents Registration Act. And a third tranche of legislation would close some large loopholes in the Australian criminal law by introducing tough but graduated political interference and espionage offenses.

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Turnbull also introduced legislation to establish a new Department of Home Affairs which, among other roles, would house a national counter-foreign-interference coordinator who would integrate intelligence and enforcement and coordinate policy development. On December 16, 2017, at the height of this debate—and days after Turnbull introduced the new laws—the coalition government passed a serious electoral test by winning a by-election in the Sydney seat of Bennelong. According to one opinion poll, two-thirds of voters support the foreign interference legislation, with just 11 percent opposed—in a seat that has one of the largest ethnic Chinese communities in the country.

And yet, despite this policy progress, strong evidence of electoral support, and favorable international recognition, the Turnbull government found the politics and the diplomacy to be heavy going. At one level this is not surprising. The CCP excels in using covert and deceptive means to work preexisting fault lines of open, democratic societies. It has shown itself prepared to use the levers of economic engagement as a tool of political coercion. And there is no precedent for a mid-sized, open, multicultural nation standing its ground against a rising authoritarian superpower that accounts for a large proportion of its migrants and one in every three of its export dollars.

After seizing the political and policy initiative in 2017, the Turnbull government went quiet over the first half of 2018. It faced pushback from powerful domestic lobbying groups arguing that the proposed legislation went too far. Media firms targeted the espionage law, charities the donations law, and universities the proposed transparency law. Further resistance was mounted by multicultural lobbyists who maintained that Australia's reputation as an inclusive society was challenged by mention of foreign government interference in community affairs. Prominent business leaders and academics with China contracts called for an end to "China-bashing."

China's embassy in Canberra also played a part, publicly intervening as if it were a champion of Chinese Australian communities to confront "racist bigotry" in Australia. China's government consistently portrayed the counter-interference policies and conversation as an attack on "China" and "Chinese people." And Beijing framed Canberra's efforts to defend its institutions as an attack on the bilateral relationship. As if to confirm its own judgment, Beijing was reported to have frozen ministerial and official meetings across a range of key portfolios. In the ensuing silence, some of the CCP's most potent narratives filled the vacuum. It was not clear that the Turnbull government could push through the most significant overhaul of counterintelligence legislation in forty years without explaining why it was necessary.

It took a series of further explosive media investigations and some unorthodox political interventions to regain control of the conversation and ensure bipartisan support for the

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legislation. The chair of the Joint Parliamentary Committee on Intelligence & Security, Andrew Hastie, named one of Australia's most generous political donors as a "co-conspirator" in a UN bribery investigation and linked the affair to covert interference. "In Australia it is clear that the Chinese Communist Party is working to covertly interfere with our media and universities and also to influence our political processes and public debates," Hastie told his committee, after receiving support from the deputy chair, Anthony Byrne. "And it's time we applied sunlight to our political system and a person who has featured prominently in Australian politics over the past decade."[11]

The counter-interference criminal legislation and the foreign influence transparency scheme both passed through Parliament on June 28. The Home Affairs legislation had passed through Parliament earlier in the year, with the counter-foreign-interference task force established in April 2018. This effectively elevated the importance of countering foreign interference to a similar status as countering terrorism.[12] At the time of writing, the legislation to ban foreign political donations has not passed through Parliament. And Turnbull himself has been replaced as prime minister. The new prime minister, Scott Morrison, appears to have opted for policy continuity.

The Turnbull government led the way in diagnosing the challenge, forging an internal consensus, and setting out a bold and coherent counterstrategy. Australia became the first country in the world to lay the foundations for a sustained and coherent counter-interference strategy.

But if Australia is going to reset the terms of its engagement with a superpower—holding China to its principle of noninterference and setting a precedent of sovereign equality that others might follow—then it will have to accept strains on the bilateral relationship. If the government is to successfully implement a transformational strategy to defend Australia's democratic processes and social cohesion, then it has to find politically sustainable ways of engaging the democratic process and publicly making the case.

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CANADA

Canada has a long history of engagement with the PRC dating back to 1970. Substantial and rapidly expanding connections with China at multiple levels include human flows (migrants, tourists, students), trade (with a major and recurring imbalance in China's favor), and diplomatic interactions. There are roughly 160,000 PRC students in Canadian schools, about 70 percent of them in universities and colleges. Per capita, this is about three times as large as in the United States and roughly on par with Australia.

Canadian experiences with Chinese interference are less intense than those documented in Australia and New Zealand. As early as 1997, a leaked report by Canada's RCMP-SIS

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(the Security Intelligence Service of the Royal Canadian Mounted Police) identified improper influence through community associations connected to Chinese intelligence agencies and efforts to award politically connected Canadians in high-level roles with Chinese entities.[1] Today, the view in Ottawa is that China is definitely trying to influence Canadian opinion and opinion-makers but is not making much headway at present. At the federal level, the greatest concern with China has to do with the acquisition, often by legal means, of strategic Canadian assets such as oil sands or major companies.

As in other countries, Chinese state actors (the CCP International Liaison Department, commercial entities, media) have targeted political parties and politicians (with a few ongoing cases at the provincial and municipal levels that are being investigated by the RCMP), civil society (through Confucius Institutes and consular outreach), and academia (through the Chinese Students' Association, China Scholarship Council supervision of student recipients, and pressure on Canadian China specialists). An informal survey of Canadian China professionals (political and business actors) and China specialists (research professionals) confirms some PRC state activity in all these realms. But no cases have yet reached the intensity or threat documented in Australia and New Zealand.

In large part, this difference in intensity is due to material factors: Canada is less dependent economically on China than Australia and New Zealand but smaller and less powerful than the United States. In short, while facing similar influence and interference efforts from China, Canada—like the United States—appears to have more effective mechanisms (diplomacy, election funding transparency, foreign investment regulations) than Australia and New Zealand. Indeed, in May 2018 Canada's security service produced a report warning of the extent of interference in New Zealand.[2]

Politics

The Liberal government elected in October 2015 is inclined to expand relations with China at the diplomatic and commercial levels, including with some form of bilateral free trade agreement and deeper cooperation on global issues like climate change, counterterrorism, and peacekeeping. Yet, despite Asia's rising geoeconomic and geopolitical weight, Canada's strategic center of gravity remains heavily tied to the United States and the transatlantic world and to Western perspectives. There are significant disagreements in the public and within government about the possibilities, opportunities, limits, and risks of a deeper relationship with China.

Media reports highlighting concerns over improper interference include the following:

- In 2010, the director of CSIS, Canada's national security agency, said at least two provincial cabinet members and other government officials were under the

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control of foreign countries (including China).[3] Facing political pressure, he later said none of the actions were "illegal" and that "foreign interference is a common occurrence in many countries around the world and has been for decades."[4]

- In 2016, Prime Minister Justin Trudeau was a subject of controversy for his attendance at cash-for-access dinners.[5] Among the attendees were Chinese billionaire Zhang Bin, who donated $1 million to the Pierre Elliott Trudeau Foundation. Also at the dinner was Liu Meng, a CCP official who was opening a Chinese Chamber of Commerce, a common United Front organization, in the country.

- In 2017, a Conservative member of Parliament was denied a visa to visit China because she intended to raise questions about human rights.[6]

- In October 2017, the *Financial Times* acquired a United Front teaching manual which praised the success of overseas Chinese candidates in Toronto elections, writing, "We should aim to work with those individuals and groups that are at a relatively high level, operate within the mainstream of society and have prospects for advancement."[7]

- In December 2017, the *Globe and Mail* reported that two Conservative senators had set up a private consulting business with the intent of attracting Chinese investment to Newfoundland and Labrador.[8] The paper also reported that the Senate's ethics watchdog was investigating an all-expenses-paid trip to China by three Conservative senators, including one involved in the consulting company.[9] (The paper had previously reported on thirty-six trips to China funded by arms of the Chinese government or business groups.[10])

- In December 2017, Conservative senator Linda Frum called for an investigation into improper influence in Canada.[11] She alleged that laws banning direct foreign donations to political parties are sufficiently robust, but third-party groups—so long as they receive funds six months prior to the election—can use foreign money to influence voters.

Civil Society

In 2016, the *New York Times* reported about pressure on independent Chinese-language media in Canada.[12] In January 2018, a coalition led by Amnesty International submitted a confidential report to the Canadian government detailing harassment and digital disinformation campaigns and direct threats against Uyghurs, Tibetans, Taiwanese, democracy advocates, and members of Falun Gong.[13]

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Business

One of the emerging debates in Canada concerns the future of China's telecom giant, Huawei, which is widely believed to have links with China's People's Liberation Army. Huawei has little significant business in the United States and was recently banned from participating in Australia's 5G wireless network project. Now Canada is debating that issue, despite the fact that the firm has established a vast network of relationships with all of Canada's major telecom carriers and Canada's leading research universities. Two former directors of the Canadian Security Intelligence Service—Richard Fadden and Ward Elcock—as well as John Adams, the former head of the Communications Security Establishment (CSE), told the *Globe and Mail* in August that Canada should also ban Huawei from supplying equipment for a 5G network.[14]

Universities

An example from academia suggests the efficacy of Canadian efforts to combat China's influence operations. At one West Coast Canadian university with large numbers of students from the PRC in undergraduate humanities and social science courses, where potentially divergent views of China and Chinese political behavior regularly form part of the curriculum, there has been no observation of the pressures documented in Australia, where professors are often openly criticized by Chinese students for proposing less flattering ways of looking at China. However, at that university's for-profit "international transition program," which offers international students who did not qualify for admission the chance (for a fee) to prepare to meet entrance requirements, university administrators have generally failed to integrate the students who are overwhelmingly PRC Chinese with poor English ability into the broader campus community. The result is that, even without PRC consular pressure, there is a strong pro-PRC culture of "political correctness" that conforms to United Front goals without the effort to promote it. It appears that social isolation is the driving factor in this case.

Conclusion

Much of China's influence activities in Canada are a legitimate extension of the public diplomacy in which all nations engage. The pressing issue is when and where China crosses the line between influence and interference. Canadian experience so far suggests more influence work than interference. However, there are clear examples where such influence has become interference. So far, it would appear that the key variable for the relatively low impact of Chinese state efforts (or proxies) turns out to be Canadian practice more than Chinese state efforts. That is, the internal diversity of the Canadian Chinese community blunts political efforts by any one political party (including the CCP). More generally, Canadian practices of multiculturalism,

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transparency, campaign financing rules, business regulation, and academic integrity are cultivated and fairly robust.

These experiences suggest the following solutions or best practices in the Canadian case, which largely parallel the broader report's findings:

- Make clear public statements of Canadian values—political, economic, social, and academic.
- Insist on reciprocity with Chinese actors in each domain of engagement.
- Identify what harms Canadian state, social, and community interests.
- Strengthen the practice of Canadian values of multiculturalism, open society, and integration.
- Share experiences in each sector to build capacity and promote best practices, particularly engaging the Canadian Chinese community.
- Train and make use of area specialists to better understand PRC intentions (just as the PRC relies on "Western" specialists).

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FRANCE

France is the Western European country with the most favorable disposition toward China historically, dating back to the establishment of diplomatic relations in 1964. Yet, it is also the EU country where public opinion toward China is the most negative, overtaking Italy in 2017. As in other countries, it is difficult to distinguish between the voluntary exposure to influence by French seeking to benefit from China's rise and active efforts by Beijing to exploit French vulnerabilities.

Both the Left and Right in France have supported close ties with China. The dual nature of these ties differs from other European countries where for the most part the Left has been critical of US policy in Asia and supportive of China and Vietnam. In France's case, it was the Right, under Charles de Gaulle, which recognized China in January 1964 and criticized US policy during the Vietnam War. So, for example, in January 2014, an all-night celebration for the fiftieth anniversary of the recognition was held in Paris with funding largely from major French firms operating in China.

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But it also means that French state television of the 1960s often aired views favorable to the Cultural Revolution, while Maoism was influential inside the radical Left. French diplomacy also has had its "China school," with leading figures such as Etienne Manach (a historical Gaullist) and Claude Martin (who recently published his memoirs under a title lifted creatively from a saying by Chairman Mao, "La diplomatie n'est pas un dîner de gala" or "Diplomacy is not a dinner party").

Still, the shift in public opinion has been equally notable. Simon Leys wrote in French and spawned a critical tradition inside French sinology. The 1989 Tiananmen Square crackdown and a demonstration condoned by the French government on the eve of the G-7 Versailles Summit created a lasting row with the PRC (to which arms sales to Taiwan in the early 1990s can be traced). President Nicolas Sarkozy's stand on Tibet around the 2008 Olympics kindled an even more severe controversy with China, one which also left a trace inside French officialdom. Although diplomatic relations would be normalized in ensuing years, this marked the beginning of a rebalancing of France's foreign policy in Asia. Today, France is a leading arms provider to Australia, Malaysia, Vietnam, India, Singapore, and—to a lesser degree—Japan. It is the leading country—and one of only two EU countries—participating in freedom of navigation naval operations in the South China Sea, albeit with more limited objectives than the United States. It has also taken the lead, with Germany and Italy, in calling for investment screening by the EU, a move that clearly targets Chinese attempts to obtain European high technology.

Diaspora

The Chinese diaspora in France is the largest in Europe, estimated to be between six hundred thousand and one million. Exact figures are not known as ethnic or religious censuses are banned in France. The diaspora is not only large but diverse, including Hoa refugees from Indochina arriving in the late 1970s, Wenzhou immigrants, Dongbei workers, and, more recently, students and affluent Chinese. Wenzhou immigrants are notably apolitical, while Dongbei (northeast) people are closer to PRC traditions. Very few influential French of Chinese origins come from either of these two groups.

The PRC embassy in Paris and consulates in Marseilles and Strasbourg have increased China's outreach to the various Chinese communities in recent years. Notably, actions were taken to encouraging and mobilizing counterdemonstrations (largely from the student community) in Paris during the 2008 Olympics row and by exploiting the issue of crime against Asians (tourists or residents). In 2016, the death of a Chinese resident at the hands of the police spawned a very sudden and publicly condoned reaction in China itself, an echo and perhaps a reminder of the 2008 Olympics row. The PRC also has consulates in French Polynesia and on Reunion Island, with activities more directed to communities of Chinese origin that reside there.

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Public figures from the second or third generation of immigrants are emerging slowly. The traditionally anticommunist sentiment in Paris's thirteenth district, populated by former refugees, has all but disappeared. The district's Socialist Party MP, a former advocate of Taiwan, switched his sympathies to the PRC before leaving politics in 2017. While France has always seen itself as a melting pot society—where even native languages dissolved over a generation—the economic attraction of China is clearly felt.

Police and judicial cooperation have also become an issue. In 2017, for the first time, a PRC citizen accused of corruption was extradited back to China; no public assurances were given regarding a possible death penalty. Another case erupted when Chinese public security officials made an unannounced visit to France to pressure a resident to return home and face charges.

Politics

For decades, China's National Day reception has been the most sought-after diplomatic reception in France, with queues often backing into the street. China's diplomatic buildings have in fact sprouted up around Paris, sometimes acquired from French government sites on sale. China has cultivated a stable of former French politicians. Of particular interest to China is former prime minister Dominique de Villepin, who is a frequent visitor to the country. He has regularly made positive remarks to Chinese state media and at other fora regarding the Belt and Road Initiative (BRI) and Chinese cooperation with the EU. In 2018, he became a distinguished professor at China Europe International Business School and now heads its advisory board.

Civil Society

A new generation of NGOs linking French and PRC members and sponsors has emerged, complementing the traditional role of business. Most prominent is the France-China Foundation, guided by an active French diplomat and presided over by current prime minister Edouard Philippe. With prominent PRC businessmen (such as Jack Ma) as cosponsors and old or new members of the French establishment (e.g., former prime minister Laurent Fabius and Cedric Villani, prominent mathematician and an MP since 2017), the foundation hosts social events, including at the Château de Versailles. Its strongest activity is a Young Leaders program that is patterned after the traditional Fondation France-Amérique. Other organizations include the Fondation Prospective et Innovation, headed by Jean-Pierre Raffarin, which awards a Wu Jianmin scholarship named after a former Chinese ambassador to France.

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Business

France maintains a negative trade balance with China and Chinese companies have not invested much in France compared to what they've poured into Germany, Italy, and the United Kingdom. Chinese investors reduced investments during the 2016–17 presidential campaign and have also met with informal refusals in some cases, such as Areva, the French nuclear company. The Chinese domestic market is set to save France's dairy industry, even creating a temporary shortage of butter for the first time since 1945. Still, complaints over too many purchases—or too many tourists, for that matter—are drowned out by the profits involved.

In mainland France, the Comité France-Chine of MEDEF, the French business union, has always been a prominent link, usually spearheaded by a prominent former French political figure (from Raymond Barre to Valéry Giscard d'Estaing and Jean-Pierre Raffarin). A separate French-Chinese investment fund has also been created, headed by a former senior official in the treasury department.

Until very recently, Sino-French activities were largely financed by major French firms operating in China, with EDF, the semipublic electricity company that cooperates on nuclear plants with China, being the most prominent. EDF has been criticized for its transfers of technology to China, which it justifies by its contracts in China and the United Kingdom with Chinese co-funding. This pattern of lobbying by the French themselves may be changing. Huawei now appears as a frequent donor, including for public conferences taking place in such prestigious locales as the French National Assembly or Senate.

Quiet Chinese investments with ownership below the 10 percent declaratory level, as well as in real estate, make for more diffuse influence. This is particularly true at the local level, where Chinese investors are eagerly sought and business intermediaries tend to mushroom. Many plans for industrial parks and regional airports have not materialized, however. The partial takeover of the Toulouse airport (home of Airbus and other aerospace firms) has been marred by the temporary arrest in China of the lead Chinese investor and by a search for quick profits.

Academia

In general, French academic and scientific institutions have welcomed Chinese students and researchers. The Commissariat à l'Energie Atomique (CEA), Ecole Polytechnique, and the Paris Saclay cluster and science park are all active in working with Chinese counterparts. The Paris Saclay cluster and science park has signed agreements with Tsinghua University and its commercial and high-tech spin-offs, Qinghua Holdings and Qinghua Unigroup. The Fondation Franco-Chinoise pour la

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Science et ses Applications, cofounded by the French and PRC Science Academies, promotes stays in France for Chinese scientists. It does not list any Chinese sponsoring firm. Huawei has been a major donor to the Institut des Hautes Etudes Scientifiques (IHES), France's famous mathematics institution. The Fondation Victor Segalen is a partnership between a French business school, ESCP, and China's NDRC, and is sponsored by Huawei and a roster of French firms. Among the recent spate of Belt and Road Initiative conferences, one at IRIS, a Paris-based think tank, was sponsored by the PRC embassy in France.

Media

The PRC now controls the only Chinese-language print media in France. Its TV channels (plus the Hong Kong-based Phoenix TV) are the only Chinese-language channels carried to France and its overseas territories. In the French-language media, China does not have a very strong position and the country's officials deplore what they believe is negative reporting by French reporters. The PRC has had more success with the publishing world, where several books have appeared praising the Chinese model. The most noted example is François Jullien, a literature professor turned philosopher who emphasizes that China's thought is "perpendicular to ours." Jullien's work is popular among China-oriented businessmen. Michel Aglietta, an anticapitalist economist, promotes China's state-driven economy, while Philippe Barret, a former Maoist activist of the late 1960s turned government official and sovereigntist, published a book in 2018 titled "N'ayez pas peur de la Chine" ("Do not fear China").

GERMANY

China has so far made only a few conspicuous efforts to exert improper interference in German politics, society, and business.[1] Those that have occurred, however, deserve attention, and, coupled with the overwhelming resources dedicated to nominally legitimate influence activities, will demand a coherent counterstrategy over time.

Chinese influence activities in Germany seem sophisticated even though they currently do not appear very effective. The problem from the Chinese point of view is that German public opinion and its media are traditionally critical of the Chinese leadership. The Tiananmen Square massacre still plays an outsize role in Germans' public perception of China as it fell on the same year that East Germany began to open up. Thus, instead of launching a PR campaign to play on German skepticism of the United States (for example), as China does elsewhere, Chinese agencies have so far confined themselves to: (a) targeting younger persons—those who have a professional or academic interest in China; (b) weakening the EU and thus subverting a crucial foundation of Germany's influence; and (c) directing their major thrust at the one part

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of German society that has a clear interest in good German-Chinese relations and thus is susceptible to Chinese influence: the business community.

While this report has focused on distinguishing legitimate influence efforts from improper interference, it is important to acknowledge behavior that is unquestionably illegal. Most acts of espionage have not become public knowledge. Occasionally there are unconfirmed reports about cyber activities and Chinese IT hardware containing devices enabling espionage. In December 2017, German authorities revealed that Chinese agents had used faked LinkedIn identities or avatars of Germans engaged with China to contact people in the political and media spheres.

Politics

Angela Merkel, the present chancellor, has a decidedly cool attitude toward China, although she has established mechanisms to work closely with China over the years. Possibly because of her experience of being raised in communist East Germany, Merkel clearly sees the challenges presented by China to democracy and a liberal society. Indeed, there's an argument to be made that with the retreat of the United States from human rights issues, Germany has taken up the mantle as the strongest critic of China's human rights practices. It was Merkel's government that won the release of Liu Xia, the widow of Nobel Peace Prize winner Liu Xiaobo. Thus, it makes sense that the Chinese Communist Party has opted to plant a seed within the German business elite with the hope that in a post-Merkel Germany, China's interests would be accommodated more than now.

Germany is also an indirect target of China's efforts directed at the 16—1 group in Central Europe and within the EU. Among the sixteen Central and Eastern European countries (eleven of them EU member states) gathered in the 16—1 group, the expectation of Chinese investment has led to laxer application of EU rules on procurement and in some cases to opposition to joint EU criticism of China (e.g., concerning the South China Sea, human rights, and the Belt and Road Initiative). Chinese "divide and rule" activities weaken the EU's China policy and the EU's cohesion in general and thus affect Germany negatively.[2]

There have been limited conspicuous efforts to target specific politicians for cultivation, with two notable exceptions: former chancellor Helmut Schmidt (now deceased) and former minister of economics Philipp Roessler. Influence activities directed toward political parties are negligible, apart from efforts to include them in events on the Belt and Road Initiative and the recent commemoration of forty years of the policy of Reform and Opening. There have been some attempts to establish relations with the new right-wing party "Alternative für Deutschland."

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In 2016, the chair of the Human Rights Committee of the German Parliament was told he would not be allowed to visit China with the rest of the committee if he did not delete a report from his home page on Tibetan flags being hoisted at German town halls. The committee refused to go on the trip.

Academia

More than one hundred thousand Chinese nationals live in Germany, most of them students. Intense exchanges take place between universities, research institutes, and think tanks, as well as between scholars in many areas, both natural and social sciences. Similar to academics from other countries, several German researchers and academics with a reputation of being critical toward the Chinese government have been denied visas or access to interlocutors in China. China in general targets junior scholars for cultivation. Contacts are initiated from China with invitations to join research projects, apply for grants, attend conferences, and write articles with the promise that they will be published.

A notable instance of coercion occurred when the publishing company Springer Nature removed an estimated one thousand publications from its Internet catalog for China because their titles might not coincide with official political positions of Beijing. So far, Springer has yet to reverse its decision, unlike Cambridge University Press in a similar instance.

German universities host twenty Confucius Institutes (out of approximately 160 in all of Europe). Like their counterparts elsewhere, they invest more in gaining general sympathy in German civil society through cultural activities than in advancing an overtly political agenda (which does occur, although rarely). There are fifty-eight Chinese Students and Scholars Associations in Germany that are well organized and seemingly well funded.

Civil Society

Chinese officials regularly complain about the negative attitude toward China in the German public, proven by polls, but do not yet tackle the problem directly. Activities in the PRC by German nongovernmental organizations (NGOs) and political foundations are increasingly confined in their activities, not only through China's new NGO law but also because former Chinese partners are reluctant to cooperate.

In a letter to the interior ministries of German federal states, the Chinese embassy requested that communities be asked not to hoist Tibetan flags on Tibet Day (March 10). In some cases, ministries complied, but in the majority of cases they did not. Almost none of the communities complied. The Chinese embassy in Berlin

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intervened with hotels where activities involving Taiwan (such as trade shows) flew the flag of the Republic of China. Probably in view of the costs incurred by cancelling a contract with their Taiwanese partners, the addressees in general did not comply. In a similar incident, at the first of a series of tournaments between German third league soccer clubs and Chinese soccer clubs, the Chinese coach demanded that spectators be forbidden from holding up Tibetan flags. The German soccer association's representative did not comply and no more football matches have been held.

Business

Close relationships, often decades old, between various enterprises and business associations (including a newly established one on the Belt and Road Initiative) are nurtured by the Chinese embassy, consulates, and representatives from Beijing. The Chinese government provides financial and logistical support for events like the Hamburg Summit or Asia Pacific Days in Berlin. A long-standing practice has been to include CEOs of major enterprises in advisory boards of mayors of major Chinese cities and provinces (remuneration seems not to play a role).

The issue of "weaponized" investment is growing in importance. In 2016, Chinese companies spent 12.5 billion euros on investments in Germany—about as much as the total investment of the entire previous decade. The main targets have been successful technology companies. The blitz has subsided in the wake of greater political scrutiny beginning in 2017 and German efforts, along with those of the United Kingdom and France, to limit China's ability to buy, borrow, or steal leading European technology.

German enterprises in both China and Germany are major targets for information campaigns related to the Belt and Road Initiative. Enterprises generally respond positively although with circumspection (only 36 percent of German companies in China expect positive effects for their business). Especially large enterprises (e.g., Siemens) have played along and created their own "BRI Task Forces." Siemens CEO Joe Kaeser said in Davos in 2018 that the Belt and Road would become the "new WTO." Similar to instances elsewhere, when the Daimler company used a quote from the Dalai Lama on its Instagram account, it was confronted with massive protests in China's media and it apologized publicly—twice—to China. The city of Duisburg (one of the terminals of the trans-Eurasian railroads) in January 2018 reached a "strategic cooperation" agreement with Huawei to turn Duisburg into a "smart city." That entailed having Huawei build a "Rhine Cloud" to host Duisburg's data.[3]

Media

German media have, for decades, been the target of official and unofficial Chinese criticism that they are "anti-Chinese." China's state-run media have sought to

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make some inroads into the mainstream German press. *China Daily*'s advertisement supplement, *China Watch*, is published in only one daily, after readers protested its inclusion in another paper. In 2017, China's state-run Xinhua News Agency partnered with a German firm, the German Television News Agency or DFA, to provide soft features about how important China is to Germany. Called Nihao Deutschland, the program has been criticized as propaganda in the mainstream German press.[4]

Reaction

It is in business, the one area of tangible Chinese influence efforts, where pushback has begun in Germany. Chancellor Merkel and French president Emmanuel Macron have initiated discussions with businesses and the EU Commission on ways to establish stricter investment screening procedures and to push for more reciprocity for European firms in China. In April 2018, the second chamber of the German parliament (representing the federal states) passed a resolution to lower the threshold at which the government may intervene in foreign direct investment (FDI) projects in Germany. The measure was clearly targeted at China. As for the EU, the German government has supported language that criticizes the BRI concept for hampering free trade and putting Chinese companies at an advantage.[5]

Conclusion

Many of the coercive actions documented here are for the most part measures one might imagine German diplomats abroad also adopting. What raises questions are the size of China's activities and its objectives. China can wield massive resources in pushing its public diplomacy agenda. This can turn German and European partners into pawns. The outsize dimension of China's influence efforts can render them improper or even illegitimate. China's efforts on the investment side often involve draining technical know-how from German firms. On the political side, its support of Central European countries has been carried out with the aim of dividing the primary political organization of Europe, the EU. Neither of these can be regarded as proper and legitimate behavior between states.

The risk of Chinese interference in Germany is serious in the medium to long term, even though so far it is mainly an indirect one and German society by and large has proven sufficiently resilient. A preliminary recommendation on how to prevent the problem from becoming more serious would be to focus on more cohesion, exchange, and transparency among countries concerned, first of all within the EU. This will take time and effort, considering that some countries in Europe (such as a few Eastern European nations along with Greece) hope to use their support of China's political or technological goals to lure Chinese investment. Still, as a leader of Europe, Germany—along with France—needs to initiate a broad-based discussion among the public and

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the business community about the challenge presented by China's economy and political system and its objectives.

NOTES

1 The recent reports by ECFR and Merics/GPPI list some of them, but mainly deal with Europe in general: Francois Godement and Abigael Vasselier, "China at the Gates: A New Power Audit of EU-China Relations," European Council on Foreign Relations, December 1, 2017, accessed October 11, 2018, http://www.ecfr.eu/publications/summary/china_eu_power_audit7242; and Thorsten Benner, Jan Gaspers, Mareike Ohlberg, Lucrezia Poggetti, and Kristin Shi-Kupfer, "Authoritarian Advance: Responding to China's Growing Political Influence in Europe," MERICS, February 2018.

2 Then foreign minister Sigmar Gabriel on August 30, 2017, in a speech asked China to respect the "One Europe Principle" as much as it demands Europeans respect the "One China Principle."

3 Achim Sawall, "Duisburg und Huawei Starten die Rhine Cloud," Golem.de, June 11, 2018, accessed October 11, 2018, https://www.golem.de/news/du-it-duisburg-und-huawei-starten-die-rhine-cloud-1806-134892.html.

4 "'Nihao Deutschland' Zeigt Deutschen China," *Hamburger Abendblatt*, August 8, 2017, accessed October 11, 2018, https://www.abendblatt.de/kultur-live/tv-und-medien/article211511923/Nihao-Deutschland-zeigt-Deutschen-China.html.

5 Dana Heide, Till Hoppe, Klaus Stratman, and Stephan Scheur, "EU Ambassadors Band Together Against Silk Road," *Handelsblatt*, April 17, 2018, accessed October 11, 2018, https://global.handelsblatt.com/politics/eu-ambassadors-beijing-china-silk-road-912258.

JAPAN

Japan would seem to be the perfect target for the Chinese party-state and its under-the-radar efforts to turn potential adversaries into benign friends. Japan has deep cultural and emotional ties with China, through history, language, and art, and a sense of Asian fraternity forged by their struggles to keep intrusive, overbearing Western powers at bay. Many in Japan also carry an enduring sense of remorse for their country's brutal subjugation of China in the opening half of the twentieth century. However, the kinds of covert Chinese influence operations that have come to light in countries like the United States, Canada, Australia, New Zealand, and parts of Europe—with one exception—are not easy to find in Japan.

A natural place to look for evidence of influence-peddling would be in Chinese support for the left-wing Japanese peace groups that have long investigated and published evidence of the Imperial Army's war atrocities in the 1930s and 1940s. Such Japanese research has been politically useful for China in buttressing its own efforts to chronicle the sufferings of its people during the conflict, as well as lending support to Beijing's tussling with Tokyo over how the history of the war should be managed and told.

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But Japanese activists have never needed encouragement from China on this front. They lead homegrown movements with specific political targets in Japan itself, notably attacking the conservative establishment and defending the country's "peace constitution." These well-established groups, the origins of which lie in the Cold War splits of 1950s Japanese politics, have long been attacked from the right in Japan for being unpatriotic. But none has been linked credibly to Beijing's United Front Work Department. Nor is there evidence that they have been manipulated and managed by CCP-aligned or directed interests.

The Japanese Communist Party, which still retains a substantial electoral base, is little help to Beijing on the ground in Japan. The JCP was pro-Soviet through the Cold War and has no special affinity with Beijing.

Japan's cultural and institutional familiarity with China makes it, in different ways, less amenable to Chinese influence than it would appear to be at first blush. After all, Japan has absorbed much from China over many centuries, taking in what it wanted and adapting it to its own ends, and keeping out much else. On top of that, any notions of Asian solidarity have been subverted since the early twentieth century by war and politics and by the failure of the two countries to reach an equilibrium in the aftermath of Japan's defeat in 1945 and the victory of the Chinese communists in 1949.

Productive Back Channels

The opaque political cultures of both countries have shaped the way that bilateral relations are conducted. Aside from conventional diplomacy, leaders of the dominant political parties in China and Japan have extensively used back channels to establish understandings on sensitive issues, including the overt use of CCP organs, outside of normal state-to-state relations.

The Chinese People's Association for Friendship with Foreign Countries, headed by Li Xiaolin, the daughter of former Chinese president Li Xiannian, has long been a forum through which the two sides have conducted dialogues. The Friendship Association is effectively the public face of the CCP's UFWD. It is not covert and, for all the connotations conjured up in its name, it remains avowedly an arm of the party-state. In that respect, the Friendship Association remains a reliable conduit for passing messages between the two countries, especially at a time, as in recent years, when senior-level political exchanges have been fraught. When bilateral relations froze in 2012 after the clash over the Senkaku/Diaoyu Islands, it was a measure of how dangerous things became that the back channels, or the "pipes," as the Japanese describe them, froze, making diplomatic signaling difficult across the East China Sea.

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Okinawa and Senkaku/Diaoyu Debates

The clearest case of covert meddling occurs far south of Tokyo in Okinawa, the ancient island-kingdom which is geographically closer to Taiwan than it is to the Japanese mainland. As late as 2015, prominent Chinese were asserting that the Ryukyu Islands, which include Okinawa, belonged as much to Beijing as they did to Japan. In large part, they based their argument on the fact that the chain was once a Chinese tributary state. The two countries still hotly contest this island chain, known as Senkaku in Japan and Diaoyu in China. "I am not saying all former tributary states belong to China, but we can say with certainty that the Ryukyus do not belong to Japan," wrote Luo Yuan, a retired and hawkish People's Liberation Army general.[1] Chinese scholars have argued that Japan's annexation of the islands in 1879 was an invasion and that the sovereignty of the island chain is thus open to question. For the time being, the Chinese Foreign Ministry has not pressed this issue.

Hong Kong has long been a base for flag-waving Chinese activists agitating on the issue of the Senkaku/Diaoyu islands. Their appeals to a notion of Chinese brotherhood, combined with the fact the group writes in traditional Chinese characters, suggests that the main consumers of the Organizing Committee for the Ryukyus propaganda may not be on mainland China. Instead, the Organizing Committee may well be targeting supporters of the Kuomintang in Taiwan, where hard core supporters of unification have become marginalized in mainstream politics, or overseas Chinese communities.[2]

It is of some significance that the same individuals who make up the Organizing Committee are also listed online as serving in CCP United Front Work Department positions in Hong Kong.[3] The Organizing Committee for the Ryukyus also has a robust online presence, with both a website and a Weibo (similar to Twitter) account.[4] It is worth noting, also, that the Hong Kong-based campaign to regain the Ryukyus has not won any overt or consistent support from Beijing.

But the Hong Kong patriots' campaign has the benefit of being aligned with anti-Japanese sentiment in Okinawa itself, where both political leaders and the local media are antagonistic toward Tokyo. The local discontent is directly related to the long-standing presence of tens of thousands of US military personnel stationed on the island and the ways in which they have interacted with the indigenous population.

Operating at arm's length from the government, however, a cabal of self-styled Chinese patriots in Hong Kong has openly agitated for the Ryukus (Senkaku/Diaoyu) to be taken from Japan and to become part of China. The main group calls itself the "Organizing Committee for the Ryukyu Islands Special Administrative Region of the

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Chinese Race."[5] Hong Kong has long been a base for flag-waving Chinese activists agitating on the issue of the Senkaku/Diaoyu islands. "The Chinese race does not fight wars. The Chinese race only safeguards peace!" runs one pronouncement which was designed as an outreach to potential supporters on Okinawa. "The Chinese race is relying on you. The Chinese race today relies on you, and the Chinese race can rely on you."[6] Even more extreme is the way that the group frames its assertion that the Ryukus (Senkaku/Diaoyu) should become part of China. "The Japanese people are a part of the Chinese race and Japan is originally of Chinese blood," the group's president, Zhao Dong, says in one posting.

For the CCP in Beijing, with an eye on the long game, building links between malcontents in Okinawa and patriots in Hong Kong could easily pay off in the future.

Countering Chinese Influence

The Japanese government has been at the forefront of attempts to counter Chinese efforts for influence throughout Asia. It maintains a robust, if under-the-radar, relationship with Taiwan. It has strong ties to Vietnam and it has attempted to modify China's influence over Cambodia and Laos, although to little effect. Japan has a close relationship with New Delhi that involves not simply trade but also security. Japan and India recently unveiled the Asia-Africa Growth Corridor as a way to compete with Chinese influence in Africa. Japan's ties to Australia are deep as well.[7] Japan's government was the source of the expression "Free and open Indo-Pacific" as a counterpoint to China's attempts to turn the Western Pacific (or at least the South China Sea) into a Chinese lake. Moreover, Japanese firms currently are outpacing Chinese firms in terms of infrastructure investment in Southeast Asia.

NOTES

1 Justin McCurry, "China Lays Claim to Okinawa as Territory Dispute with Japan Escalates," *Guardian* (UK), May 15, 2013, https://www.theguardian.com/world/2013/may/15/china-okinawa-dispute-japan-ryukyu.

2 Taiwanese newspapers have already covered the Organizing Committee in a rather disparaging fashion: "Pushing Japan to Hand Back the Ryukyus: Chinese People Draw up an International Lawsuit," "促日歸還琉球 中國人擬告上國際法庭," *Liberty Times* (Taiwan), August 2, 2016, accessed October 11, 2018, http://news.ltn.com.tw/news/world/paper/1017100.

3 "China Brilliant Cause Investment Group CCTV International News Introduction," *Yanzhao Nightly/Shijiazhuang Daily*, accessed October 11, 2018, http://www.hnqxgs.com/yzwbfz/2196344.html.

4 "Organising Committee for the Ryukyu Islands Special Administrative Region of the Chinese Race," *Weibo*, accessed October 11, 2018, https://www.weibo.com/u/1931192953?is_hot=1.

5 Ryukyu Network, Organising Committee for the Special Administrative Region of the Chinese Race, accessed October 11, 2018, http://www.ryukyu-china.com.

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6 "中華民族琉球特別自治区」の正体は . . . 中国共産党中央統一戦線工作部," *Japan+*, November 10, 2015, accessed October 11, 2018, http://japan-plus.net/952.

7 Daniel Moss, "As China Steps Up, Japan Isn't Stepping Aside," Bloomberg, July 10, 2018, accessed October 11, 2018, https://www.bloomberg.com/view/articles/2018-07-10/japan-reasserts-influence-as-china-rises.

NEW ZEALAND

The issue of Chinese influence operations in New Zealand began to attract significant attention in September 2017 when Anne-Marie Brady, a professor at the University of Canterbury, published a detailed assessment of that country's experience in the weeks prior to national elections.[1]

China's influence operations in New Zealand are rooted in the same set of policies and institutions that guide its work globally, often proceeding outward from efforts targeted at the diaspora community. As has been observed elsewhere, influence operations in New Zealand have increased markedly since Xi Jinping became general secretary of the Chinese Communist Party. The Chinese government considers New Zealand an "exemplar of how it would like its relations to be with other states."[2] One unnamed Chinese diplomat even characterized relations between the two countries as similar to China's close ties with totalitarian Albania in the early 1960s.

New Zealand is of strategic interest to China for several reasons. As a claimant state in Antarctica, the country is relevant to China's growing ambitions in that territory. It manages the defense and foreign affairs of three other territories in the South Pacific. It is an ideal location for near-space research and has unexplored oil and gas resources. Most critically, as a member of the "Five Eyes" security partnerships with the United States, Australia, Canada, and the United Kingdom, New Zealand offers enormous possibilities for Chinese espionage.

New Zealand is particularly vulnerable to Chinese influence because it is a small state of 4.5 million people with strong trade ties to China. China is New Zealand's second largest trading partner and a critical market for two of its most important sectors, tourism and milk products. It should be noted that New Zealand has historically pursued closer ties with China than many other nations. What is changing is the willfulness with which China appears ready to exploit this dynamic and to subvert New Zealand's continued ability to independently shape its policy priorities.

Examples of improper influence in New Zealand include revelations that a member of Parliament concealed that he had been involved with Chinese military intelligence for fifteen years prior to immigrating to New Zealand; a New Zealand company found to

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be violating bans on exports to North Korea via its Chinese partner; and the almost complete domination of local Chinese-language media by pro-PRC outlets.

Chinese Diaspora

There are currently two hundred thousand ethnic Chinese in New Zealand, primarily concentrated in Auckland. During the Cold War, Chinese New Zealanders "were neither pro-CCP nor pro-PRC" and its community institutions were "proudly independent." Now, few activities are noticeably independent of Beijing.

In addition to its embassy in Wellington, Beijing coordinates its engagement with the diaspora through an Overseas Chinese Service Center, established in Auckland in 2014. The organization considered most closely connected with PRC authorities in New Zealand is the Peaceful Reunification of China Association of New Zealand, which was founded in 2000. Controlled by the United Front Work Department, it has encouraged bloc voting in the ethnic Chinese community, fund-raising for friendly ethnic Chinese political candidates, and organizing of protests. The current leader of the association, a businessman in the food industry, also heads or has leadership roles in other United Front organizations in New Zealand and has been publicly listed as an adviser to the Beijing Overseas Chinese Affairs Council.

Several current ethnic Chinese individuals active in New Zealand work "very publicly" with China's United Front Organizations in New Zealand.[3] In return they have benefited from fund-raising events held by the Peaceful Reunification Association, which has encouraged ethnic Chinese to vote for them. In the 2017 elections, a woman who led the New Zealand Chinese Students and Scholars Association was placed on the Labour Party's election slate, but the party did not receive enough votes for her to enter Parliament. Chinese individuals active in New Zealand politics have also attended Peaceful Reunification Association meetings, where they stated their intention to promote China's policies with respect to Tibet, promoted a think tank tied to the Belt and Road Initiative, and repeated slogans from Xi Jinping in local campaign materials.

Politics

In 2017, it was disclosed that Yang Jian, who to date remains a member of Parliament, concealed that he had been a student and teacher at two of China's military intelligence colleges for fifteen years before immigrating to New Zealand. He omitted this history on his English-language resume for his position at a New Zealand university, his permanent residency and citizenship applications, and his parliamentary position, but he disclosed it selectively to those speaking Chinese. Yang has acknowledged the veracity of these reports, including that he was a member of the Chinese Communist Party, but claims he ceased his affiliation after leaving

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the country in 1994. Since entering government, Yang "has been a central figure promoting and helping to shape the New Zealand National government's China strategy" and was a member of the Parliamentary Select Committee for Foreign Affairs, Defense, and Trade from 2014 to 2016, which would have given him privileged access to information.[4]

Chinese influence efforts targeted toward New Zealand politics transcend the diaspora community to include campaign contributions and the cultivation of relationships with former senior officials. Individuals with strong ties to United Front organizations have donated several million dollars, primarily to the National Party. One such individual, who donated $112,000 to the National Party in 2017, is listed as an officer of no fewer than seven United Front organizations.[5] Senior politicians who have secured high-profile roles in Chinese companies include a former party leader and members of Parliament who serve on the boards of the New Zealand affiliates of major Chinese banks. A former minister of finance serves on the board of a majority-Chinese-owned New Zealand dairy. In late September, a former prime minister who now represents an American company's interests in China attracted attention for the sale of property "well above market rates" to an undisclosed Chinese buyer. Local politicians have also been targeted.

Business

Chinese companies have also been instruments of interference in New Zealand. After acquiring a stake in a local telecom company in 2011, Chinese telecom giant Huawei went on to win the contract to build New Zealand's 4G wireless network in 2013. Huawei also established research partnerships and other investments in the country that may be leveraged for nonbusiness purposes. In another instance, New Zealand aeronautics company Pacific Aerospace in 2014 partnered with Beijing Automotive Group on the sale of planes to the Chinese market. In 2017, Pacific Aerospace was charged by New Zealand Customs with knowingly and illegally exporting parts to North Korea via its Chinese partner.

Universities

New Zealand has long-standing scientific cooperation agreements with China, most of which are benign. However, since China renewed an emphasis on civil-military research integration in 2015, New Zealand, like other countries hosting major research institutions, has been targeted for its potential to further these aims. New Zealand universities have partnerships with several Chinese universities linked to China's People's Liberation Army (PLA), including the PLA Institute of Military Culture (Massey); the National University of Defense Technology (Auckland, Massey); Northwestern Polytechnical University (Canterbury), Shenyang Aerospace University

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(UNITEC), and Xidian University (Otago, VUW). New Zealand regularly hosts doctoral students who were graduates of these universities and also hosts current students and staff on short-term fellowships. Some New Zealand academics have roles at PLA-linked universities. The potential for these relationships to be exploited requires a reevaluation of government policies on scientific exchange.[6]

Civil Society

Media are a key target of China's influence efforts. New Zealand's local Chinese-language outlets all have content cooperation agreements with China's Xinhua News Service, participate in annual media training conferences in China, have at times employed senior staff affiliated with the Communist Party, and have hosted CCP propaganda officials. CCP officials have given direct editorial instructions to Chinese-language media in New Zealand as part of the CCP's strategy to blend overseas content with that in the PRC. On television, a Chinese-language channel has removed Taiwanese programming from its network. Xinhua has also established its own television station.

With respect to English media, *China Daily* in 2016 established a partnership with the Fairfax newspapers in Australia and New Zealand. The Chinese embassy has sponsored the travel of journalists and politicians. In other instances, donors with close connections to the Chinese government have donated to organizations that provide research funding and subsidize journalist and youth visits to China, as well as exhibitions, book publications, and other activities that "promote a non-critical view of China."

China's representatives in New Zealand also put considerable pressure on New Zealanders who speak up critically on China-related issues. Since publication of her initial report on Chinese influence operations in the country, Anne-Marie Brady has experienced break-ins at her office and home, according to testimony before the Australian Parliament's Intelligence and Security Committee.[7]

Conclusion

New Zealand's government, unlike that of Australia, has taken few steps to counter foreign interference in its internal affairs. Charity fund-raising, which has been used by Chinese United Front organizations to mask contributions, remains excluded from disclosure requirements. New Zealand's intelligence service still cannot investigate cases of subversion and foreign influence inside its political parties without the approval of the service's minister, whose political calculations may inhibit action. And media regulations remain inadequate to address improper influence by means other than outright ownership, which may also merit reform.

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NOTES

1 Anne-Marie Brady, "Magic Weapons: China's Political Influence Activities under Xi Jinping," Kissinger Institute on China and the United States, September 18, 2017, accessed October 11, 2018, https://www.wilsoncenter.org/article/magic-weapons-chinas-political-influence-activities-under-xi-jinping. Also see Anne-Marie Brady, "Looking for Points in Common While Facing Up to Differences," Small States and the New Security Environment, November 14, 2017, accessed October 11, 2018, https://www.canterbury.ac.nz/media/documents/research/Looking-for-points-in-common-while-facing-up-to-differences.pdf.

2 Ibid.

3 Ibid.

4 Ibid.

5 Ibid.

6 Anne-Marie Brady, "University Links with China Raise Questions," *New Zealand Herald*, July 13, 2018, accessed October 11, 2018, https://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=12086974.

7 Matt Nippert, "University of Canterbury Professor Anne-Marie Brady Concerned Break-ins Linked to Work on China," *New Zealand Herald*, February 16, 2018, accessed October 11, 2018, http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11995384.

SINGAPORE AND ASEAN

Singapore is unique in that it is the only majority ethnic Chinese state outside of Greater China (Taiwan, Hong Kong, Macao). Singapore is also unique in Southeast Asia because its rigorous standards of governance and zero tolerance for corruption make it virtually impossible to bribe or openly suborn political leaders or opinion-leaders.

In 2016–17, Singapore's generally friendly, smooth relationship with China took a downturn. The proximate cause was Singapore becoming country coordinator for China for the Association of Southeast Asian Nations (ASEAN). This post is held by ASEAN member states by rotation for a three-year term. China seemed to have convinced itself that the role entailed Singapore "coordinating" ASEAN's position on the South China Sea (SCS) territorial disputes in its favor. But China has long been unhappy with Singapore's clear and consistent position on the SCS. Singapore is not a claimant state to the South China Sea. The previous country coordinator was Vietnam, a claimant state whose relationship with China has been historically fraught. Chinese expectations of Singapore may have been unrealistically high, particularly after the Arbitral Tribunal on the case brought by the Philippines against China ruled against China's position in a verdict in July 2016.

China criticized Singapore's support for SCS disputes being resolved in accordance with international law as "taking sides." It objected to Singapore's leaders and officials even speaking on the SCS issue. When Singapore stood firm on its right to state its position on an issue of undoubted importance to the region, the Chinese influence apparatus

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was activated to pressure the government to change position. Singapore's experience in 2016–17 holds lessons for other ASEAN member states.

On the surface, China claims that it does not interfere in the internal affairs of other states. At the same time, it is led by a Leninist party that embraces the ideas of the United Front as a key tactic. Translated into foreign policy, by its nature United Front work involves lobbying, coercion, co-optation and other influence operations—some of which are legitimate, others of which are not. China's self-declared role as the representative of all Chinese people around the world and its stated position that all Chinese are obliged to help China further complicate its position in Singapore, which is 76 percent Chinese.

This multifaceted and contradictory approach is deployed within an overarching narrative of China's inevitable and unstoppable rise and America's equally inevitable and absolute decline. This narrative and others are propagated by various means: WeChat with Chinese-speaking populations, social and mainstream media, whispering campaigns, business, clan, and cultural associations, and conventional agents of influence reporting to Chinese intelligence organizations, who cultivate what Lenin called "useful idiots."

A History of Influence

Chinese influence operations in Singapore are not a recent phenomenon. China's United Front activities in the late 1950s and 1960s sought to export China's communist revolution to Southeast Asia and were part of an open political struggle. But even after China's proxies in the political contest were defeated, China continued to try to shape public opinion in Singapore. This attempt differed from the 2016–17 episode mainly in the means deployed, which reflected the technologies available at the time.

On May 15, 1971, the Singapore government announced the arrest and detention of three individuals under the Internal Security Act. The government press statement revealed that "officials of a communist intelligence service based in Hong Kong" had between 1964 and 1968 given loans totaling more than 7 million Hong Kong dollars at the "ridiculously low interest rate of 0.1% per annum" to an ethnic Chinese businessman to start an English-language daily newspaper named the *Eastern Sun*.[1] The newspaper commenced publication in 1966. In return for the loans, the *Eastern Sun* was required not to oppose the PRC on major issues and to remain neutral on minor issues.

In 2004, China deployed intense pressure on Singapore when then deputy prime minister Lee Hsien Loong paid an unofficial visit to Taiwan. The Chinese were trying to get Singapore to cancel the visit. Singapore adheres to a "One China Policy," but if

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China had succeeded, it would have forced a significant modification of Singapore's approach to Taiwan.

This was not the first unofficial visit by a Singaporean leader to Taiwan. Previous unofficial visits by even more senior Singapore leaders had passed without incident. The 2004 visit conformed to the established pattern in form and substance of previous visits. But what the 2004 incident had in common with the 2016–17 episode was that both occurred at times of political transition in Singapore.

In 2004, it was clear that Lee Hsien Loong would replace Goh Chok Tong as Singapore's third prime minister. By 2016, Prime Minister Lee Hsien Loong had made public his intention to step aside after the next general election (due by 2020) and let a younger generation of political leaders take over. The pressures deployed on both occasions may have been intended as tests of the resolve of new leaders and warnings to new leaders about what to expect unless they were more accommodating to China.

South China Sea

When Singapore became the ASEAN country coordinator in 2016, Chinese diplomats called upon Singapore to "explain" China's position on the SCS to other ASEAN countries, or to ensure that the issue was not raised in ASEAN forums, or, if raised, downplayed. Such demarches have been routine in all ASEAN countries for many years.

Simultaneously, messages targeting civil society and other sectors began to appear, most prominently on social media. The aim was to instill a fatalistic acceptance of the inevitability and desirability of a Chinese identity for multiracial Singapore and to get Singaporeans—and not just Chinese Singaporeans—to pressure the government to align Singapore's national interests with China's interests. In essence, they asserted:

- Unlike Lee Kuan Yew, who had died in 2015, the current Singapore leadership under Prime Minister Lee Hsien Loong did not know how to deal with China. Relations were so much better then.

- Singapore has no territorial claims in the SCS, so why was it siding with the United States against China?

- Surely, as a "Chinese country," Singapore should "explain" China's position to the others or stay neutral.

It is difficult to pin down the precise origins of such narratives, but they closely resemble arguments made in the Chinese media, in particular the *Global Times*.

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Omitted was the historical fact that Lee Kuan Yew was the only noncommunist leader who in the late 1950s and early 1960s went into a CCP-backed United Front organization and emerged the victor. That drew a red line, which provided the basis on which Lee and his successors developed Singapore's relations with China. Also ignored was the fact that even though Singapore has no territorial claims on the SCS, that does not mean it has no interest there. And, most crucial of all, although the majority of Singaporeans are ethnic Chinese, Singapore is a multiracial country organized on the basis of meritocracy and it does not view itself as a mono-racial state like China.

Still, many Singaporeans, only cursorily interested in international affairs, did not realize they were being fed oversimplifications and swallowed them, or played along for other reasons. Businessmen, academics, and others with interests in China were given broad hints that their interests might suffer unless Singapore was more accommodating, and they passed the messages to the Singapore government. The Belt and Road Initiative was dangled as bait and the possibility of being excluded loomed as a threat, even though Singapore, as a highly developed country, did not need BRI infrastructure. Communist Party chairman Xi Jinping himself had asked Singapore to start a BRI-related project in Chongqing. Prime Minister Lee Hsien Loong was pointedly not invited to the BRI Summit held in Beijing in 2017, although Singapore was represented at a lower level. Appeals to ethnic pride were made to yet others.

The operation was effective. The pressures on the government were great. It was difficult to explain the nuances of the SCS issue or Singapore's relations with China to the general public.

Then Beijing went too far. In November 2016, nine Singapore armored personnel carriers (APCs) en route home from an overseas military exercise were seized by China on the flimsiest of excuses.[2] Singaporeans immediately understood that this was naked intimidation. Even the leader of the opposition Workers' Party criticized China in Parliament. Beijing, by then increasingly concerned with the Trump administration, decided to settle. In January 2017, the APCs were released. The influence apparatus gradually stood down and relations returned to normal. Chinese leaders went out of their way to project friendliness. In late 2017, when news of Prime Minister Lee Hsien Loong being invited to the White House by President Trump became public, the prime minister was hastily invited to come to Beijing first, where he was received by Xi and other senior Chinese leaders.

Academia

Most of the means by which the Chinese narratives were spread in 2016–17 were *not* illegal. However, in August 2017, Huang Jing, an academic born in China who was

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teaching at the National University of Singapore's Lee Kuan Yew School of Public Policy (LKYSPP), was expelled from Singapore and permanently banned from the country. The Ministry of Home Affairs (responsible for internal security and counterespionage) said in a statement announcing the expulsion that Huang had been "identified as an agent of influence of a foreign country" who had "knowingly interacted with intelligence organizations and agents of the foreign country and cooperated with them to influence the Singapore Government's foreign policy and public opinion in Singapore. To this end, he engaged prominent and influential Singaporeans and gave them what he claimed was 'privileged information' about the foreign country so as to influence their opinions in favor of that country. Huang also recruited others in aid of his operations."[3] The statement went on to say that Huang gave supposedly "privileged information" to a senior member of the school of public policy in order that it be conveyed to the Singapore government. The information was duly conveyed to very senior public officials who were in a position to direct Singapore's foreign policy. The intention, the statement said, was to use the information to cause the Singapore government to change its foreign policy. The statement concluded that Huang Jing's collaboration with foreign intelligence agents was "subversion and foreign interference in Singapore's domestic politics."

The Singapore government has not named the foreign country. In 1988, Singapore had expelled an American diplomat for interference in domestic politics. But it is generally accepted that Singapore's moves in Huang Jing's case were directed at China.

Implications for ASEAN

There has been no systematic study of Chinese influence operations in ASEAN member states. As a major economy contiguous to Southeast Asia, China will always naturally enjoy significant influence even in the absence of such operations. However, anecdotal evidence suggests that Singapore's experience is generally consistent across the region. The differences stem mainly from lax governance standards in other ASEAN member states and their lower level of development. Economic inducements and the greater dependence of these countries on Chinese investment, under the general rubric of the Belt and Road Initiative, seem to play a more prominent role.

A common factor is the focus on overseas Chinese communities. Such operations are leading China into sensitive territory in Southeast Asia, where the overseas Chinese are not always welcome minorities. China's navigation of these complexities has in many cases been clumsy. Malaysia provides a particularly egregious example that betrays a form of cultural and political autism. During the 2018 Malaysian general elections, the Chinese ambassador to Malaysia openly campaigned for the president of the Malaysian Chinese Association (MCA) in his constituency. This was a blatant violation of the

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principle of noninterference enshrined in Article 41 of the Vienna Convention on Diplomatic Relations. It exposed beyond the possibility of concealment what China really thinks of noninterference. The MCA president lost his seat.

This was not the only instance of insensitive behavior by Chinese diplomats in Malaysia. In 2015, the previous Chinese ambassador saw fit to make his way to Kuala Lumpur's Chinatown, where only days previously the police had to use water cannons to disperse a potentially violent anti-Chinese demonstration. There the Chinese ambassador delivered a speech that, among other things, pronounced the Chinese government's opposition to any form of racial discrimination, adding for good measure that it would be a shame if the peace of the area were to be disrupted by the ill-intentioned and that Beijing would not stand idly by if anything threatened the interests of its citizens and Malaysia-China relations.

Under other circumstances, these sentiments would perhaps have passed unnoticed. But the timing and context laid the ambassador's remarks open to disquieting interpretations and drew a protest from the Malaysian government. The PRC foreign ministry spokesman defended the ambassador's action as "normal, friendly behavior." Undaunted, in another speech a day later, the Chinese ambassador said, "I would like to stress once more, overseas *huaqiao* and *huaren*, no matter where you go, no matter how many generations you are, China is forever your warm national home."[4]

Such behavior is not atypical in Southeast Asia. If other Chinese diplomats have behaved more prudently in their engagement of overseas Chinese communities in other ASEAN countries, it seems a matter of differences between individuals rather than policy. Since such behavior is patently not in China's interest, China may be beginning to believe its own propaganda. President Xi's concentration of power and insistence on greater party control seem to have created echo chambers where Chinese diplomats and officials probably report only what is in accordance with preexisting beliefs, resulting in situations where instructions are blindly given and followed.

This kind of behavior is not confined to countries where there are large overseas Chinese communities. Cultural autism or insensitivity is one of the self-created obstacles to the smooth implementation of the BRI that China is experiencing around the world. And as the media report on the problems, awareness spreads. This does not mean that countries will shun working with China. But countries are going to be increasingly cautious. They will push back when the terms of engagement are too onerous and they will seek to forge relationships with as many other major powers as possible.

Following the Malaysian elections, China is projecting friendliness toward Malaysia. But as with Singapore, this is a pause, not the end of the story. Since influence operations are

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embedded in the intrinsic nature of the Chinese state, they cannot be abandoned unless the nature of the Chinese state fundamentally changes. This is very unlikely.

NOTES

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UNITED KINGDOM

Unlike the United States, Australia, and New Zealand, the United Kingdom has had no significant all-encompassing debate over Chinese influence operations. When they have occurred, the debates tend to be confined to specific areas such as the media, academia, or the economy. But so far, no one institute has attempted to bring to light the full gamut of Chinese United Front and influence-peddling operations. As such, Britain's response to China's attempts to insinuate itself within Britain's critical infrastructure, universities, civil society, political system, and think tanks has been scattershot at best.

The United Kingdom has a complex political, economic, and historical relationship with China, which is a significant trading partner and an increasingly significant source of investment.[1] Especially since the official elevation of UK-China relations to Golden Era status in 2014 and the result of the 2016 Brexit referendum, the United Kingdom has become more open to Chinese influence.[2] Areas of vulnerability to improper interference include political and civil society actors as well as the media. Chinese firms are involved in strategic parts of the British economy, including telecommunications and nuclear power. Improper interference activities can be difficult to distinguish from acceptable influence via civil society exchange, public diplomacy, and commerce. Problem cases include not only Chinese cyberattacks on political organizations and think tanks but also willing collaboration and reluctant complicity. A report by GPPi and Merics characterized the most important areas for Chinese

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influence operations as civil society and the media.[3] But others have noted that China's leverage over the UK economy is equally, if not more, important.

Politics

Since 2012, the UK governments under prime ministers David Cameron and Theresa May have progressively toned down criticism of China over human rights and Beijing's obligations toward the United Kingdom to respect the Sino-British agreement on Hong Kong. While this may be in part due to the United Kingdom's relatively weakening position, these changes have coincided with Chinese efforts to influence British foreign policy.

Influence activities by China have included not only apparent attempts to engage in cyberattacks on the Scottish Parliament and on think tanks specializing in international security issues with connections to government but also reports of intimidating messages sent to politicians seen as enemies of China.[4] China has also denied UK politicians, such as members of the House of Commons Foreign Affairs Committee and the deputy chair of the Conservative Party's Human Rights Commission, Ben Rogers, access to Hong Kong to investigate human rights issues there.[5]

China has also acquired influence by offering jobs to former politicians, potentially creating dependencies. Former prime minister David Cameron is a case in point. Cameron distanced himself from the Dalai Lama in 2013 and embraced a Golden Era of UK-China ties in 2015 while still in office, positioning himself as China's best friend in Europe.[6] Once out of office, Cameron accepted a senior role in the UK-China Fund, a major infrastructure fund connected with China's Belt and Road Initiative.[7]

Academia and Civil Society

The Chinese government can exercise influence in the United Kingdom through a number of mechanisms: repression in China that affects China-related work, such as the new Foreign NGO Management Law; remote cybermonitoring; the creation of new institutions it controls; collaborations based on Chinese funding, with strings attached; control of Chinese nationals in the United Kingdom; and reporting on or pressuring domestic institutions and individuals in the United Kingdom. The targets of such influence activities include the communities these actors serve: students, clients, and the wider public.

Chinese scholars and students in the United Kingdom (as of March 2018, some 170,000) register with the Chinese Students and Scholars Association UK, which organizes political education events and is supposed to monitor its members in accordance with its "patriotic" mission.[8] Reportedly, students at some universities in

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the United Kingdom have also established Chinese Communist Party cells.[9] The use of the CSSA UK to monitor dissent among Chinese students in the United Kingdom is a direct violation of the principles of the United Kingdom's democracy.

Institutions created or managed by the Chinese authorities include the country's twenty-nine Hanban-managed Confucius Institutes as well as the new Peking University HSBC Business School Oxford Campus—the first overseas campus of a Chinese university. These institutions have triggered some concerns. They openly discriminate against certain groups, such as Falun Gong practitioners who are excluded from employment, as North American cases have shown.[10] Reportedly, agreements with universities that host Confucius Institutes require adherence to Chinese law according to Hanban policies and they are subject to nondisclosure agreements.[11] The concern that these institutions practice (self-)censorship is somewhat mitigated as long as the authorship of censored accounts is clear and robust and critical discussion takes place elsewhere in the United Kingdom.

Activities benefitting from Chinese funding or commercial ties with China are all the more concerning when Chinese influence is less easy to trace. It is impossible to tell, for example, if Huawei's donation to Chatham House's Asia-Pacific program will affect this venerable institution's independence and if UK universities' self-censorship on their Chinese campuses will bleed into their home bases.[12] It is clear, on the other hand, that funding provided to research students and researchers who come to the United Kingdom from China leads to self-censorship. The increased role of the China Scholarship Council, a PRC-funded grant provider, is therefore of great concern, as it clearly would not approve projects that might anger China's government.[13] UK-based publishing in China gives rise to concerns about censorship, as in the case of Cambridge University Press temporarily censoring the online version of its journal *China Quarterly* in China to accommodate government censorship requests.[14]

China's treatment of UK-funded educational institutions in China is also of concern in Britain. In June 2018, the University of Nottingham's campus in Ningbo removed its associate provost, Stephen Morgan, after he wrote an online piece criticizing the results of China's Nineteenth Party Congress.[15] Nottingham has previously given the appearance of buckling to Chinese pressure. In 2016, Nottingham abruptly shut its School of Contemporary Chinese Studies just as students were preparing for exams. The action led to the departure of its director, Steve Tsang, a China scholar known for his integrity and independence from Beijing. Sources close to the incident said that PRC pressure on the university played a direct role in the closure of the institute. Tsang is now the director of the China Institute at the School of Oriental and Africa Studies at the University of London.

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Media

The UK media have long been important international sources of information and insight on China, reporting independently and critically. While independent reporting continues, Chinese official media have become more influential in the United Kingdom and internationally through their UK presence. Primarily, they have expanded their operations and reach. For example, the re-branded China Global Television Network Europe Ltd (CGTN), headquartered in London, is seeking to increase activities and *China Daily* now distributes its *China Watch* "supplement" as an advertisement inside the respected conservative newspaper the *Daily Telegraph*. The UK and Chinese governments have also concluded a Television Co-Production Agreement that provides a framework under which TV producers in both countries can share resources but have to respect "stipulations in the relevant Party's law and regulations."[16]

Given the United Kingdom's special historical relationship with Hong Kong, the central authorities' heavy influence on the Hong Kong media and the deterioration of media freedom in Hong Kong are of relevance in the United Kingdom, where the case of rising self-censorship at the *South China Morning Post*, for example, has been noted.[17] According to confidential reports, some journalists who have left Hong Kong for the United Kingdom have encountered intimidation attempts.

The effects of media-influencing activities taking place in the United Kingdom are hard to assess. Critical reporting continues, but the rise of commercial ventures transporting censorship into the United Kingdom looks set to continue too. For the moment, increasingly difficult access to information and insight in China, as a result of domestic repression, is at least as great a problem as attempts to influence or repress remotely in the United Kingdom.

The Economy

For years, the United Kingdom was a bit of an outlier in its openness to Chinese investment and its willingness to grant Chinese firms, even state-owned ones, access to its critical infrastructure. Nonetheless, there is now growing concern in London about China's ability to leverage its growing economic power into political influence and to use its riches to buy, borrow, or steal key Western technologies that sit at the heart of Western economies.

In partnership with France and Germany, the UK government has also introduced mechanisms to monitor and block Chinese takeovers of high-technology companies in sensitive sectors.[18] The three nations also support efforts to tighten EU-wide regulations to govern Chinese investment so that Chinese entities cannot exploit the weaker regulatory systems of some European countries to gain access to potentially sensitive

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technologies. It is unclear how the United Kingdom's Brexit plan will affect the stated desire of the UK government to ensure that critical technologies do not fall into Chinese hands.

For years, the Chinese telecom behemoth Huawei has provided broadband gear and mobile networks to its clients in Britain, which include British Telecom and Vodafone. And for years, Huawei executives used their substantial business opportunities in Britain as an example to counter allegations in the United States and other Western countries that Huawei was linked to the People's Liberation Army and therefore a security risk. Now it seems that Britain's government is having second thoughts. A government report issued in July 2018 noted that technical and supply-chain issues with equipment made by Huawei have exposed Britain's telecom networks to new security risks.[19] Earlier in 2018, Britain's cybersecurity watchdog warned telecommunications companies against dealing with the Chinese manufacturer ZTE, citing "potential risks" to national security.[20] ZTE was involved in widespread sanctions-busting in deals with Iran and North Korea.

Another area of growing concern is nuclear power. China General Nuclear Power (GNP)—the main player in China's nuclear industry—is considering the purchase of a 49 percent stake in the United Kingdom's existing nuclear plants.[21] The nuclear power giant has already taken a 33.5 percent stake in the Hinkley Point C power station, which is being built with French technology. China experts in the United Kingdom such as Isabel Hilton, the CEO of Chinadialogue.net, have observed that in opening up its vital infrastructure to China, the United Kingdom was without parallel in the Western world. "No other OECD country has done this. This is strategic infrastructure, and China is a partner but not an ally in the security sense. . . . You are making a 50-year bet, not only that there will be no dispute between the UK and China but also no dispute between China and one of the UK's allies. It makes no strategic sense."[22]

Responses to Interference Activities

In addition to some limited pushback on Chinese economic moves, there are signs that the United Kingdom is slowly understanding the challenge presented by Chinese influence activities. UK media have continued to report pressure on journalists, the media, civil society, and those involved in politics. This reporting has been somewhat effective in correcting perceptions of the nature and functioning of Chinese governance. The media have also focused attention on how China monitors and obstructs the work of foreign reporters in China.

The political system has also begun to respond to some influence activities. At the domestic level, a parliamentary inquiry on the United Kingdom's relations with China,

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launched in 2015 and relaunched in 2017, has sought input on some of the issues discussed here.[23] A newly launched NGO, Hong Kong Watch, focuses on drawing attention to the United Kingdom's special responsibility toward Hong Kong. The Conservative Party Human Rights Commission has produced its own report on the deteriorating human rights situation in both China and Hong Kong and has organized inquiries and events on topics such as the United Kingdom's Confucius Institutes.[24] While the Foreign and Commonwealth Office presents the relationship with China as primarily collaborative, it is also conducting research on Chinese influence and interference activities.[25] At the international level, the United Kingdom has joined several open letters to signal its position on China's violations of human rights.[26]

Civil society has also sought to raise the Foreign NGO Management Law as well as to highlight intensified repression. By contrast, responses from academic institutions have so far been sporadic. For example, in 2011, the University of Cambridge disaffiliated CSSA Cambridge due to its undemocratic organization.[27] In 2017, international academics joined together to convince the Cambridge University Press to stop censoring its publications available in China.[28] Still, despite experiencing such influence campaigns in the past, such as with Libya, which was spelled out in the 2011 Woolf Inquiry, there seems to have been no coherent initiative on protecting academic freedom and maintaining wider ethical standards in the face of these types of campaigns.[29]

NOTES

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APPENDIX 3

Chinese-Language Media Landscape

Official and Semi-Official Chinese-Language Media

By 2018, all of the major official Chinese media outlets had embedded themselves deeply into the communications and broadcasting infrastructure of the United States.

- CCTV or CGTN (English and Chinese), the semiofficial Hong Kong–based Phoenix TV, and a few Chinese provincial TV channels are available in add-on packages of two major satellite TV providers in the United States, DISH Network and DIRECTV. CCTV channels (English and Chinese) are in the cable systems of all the major metropolitan areas of the United States.

- The major official Chinese TV networks, including CCTV and major Chinese provincial TV networks, and the quasi-official Phoenix TV, are all in the program lineups of Chinese TV streaming services that have become popular among Chinese communities in the United States. There are four major Chinese streaming services in the United States: iTalkBB Chinese TV (蜻蜓電視), Charming China (魅力中國), Great Wall (長城平台), and KyLin TV (麒麟電視). All these services carry the major official Chinese TV channels, including major provincial channels, and are accessible nationwide.

- The major official Chinese media organizations, CCTV (CGTN), Xinhua, the *People's Daily,* and *China Daily* (the only major official newspaper in English), have a heavy presence on all major social media platforms of the United States and have many followers. All these outlets use Facebook and Twitter and other platforms, even though those platforms are blocked in China.

- Quasi-official Phoenix TV (鳳凰衛視), a global TV network with links to the PRC's Ministry of State Security and headquartered in Hong Kong with branches around the world, including the United States, also has a substantial presence on all the major social media platforms in the United States.

Chinese media social media presence

(E) = English version; (C) = Chinese version

Platform	Official Organizations and Subscribers/Followers				Quasi-official
	CCTV (CGTN)	Xinhua	People's Daily	China Daily	Phoenix TV (fully controlled by Chinese government)
Twitter	CCTV: 532K (E+C)	11.8M (E)	4.54M (E)	1.8M (E)	7K (C)
	CGTN: 7.19M (E)	11.6M (C)	221K (C)		
Facebook	CCTV: 48.04M (E); 3.44M (C)	46.92M (E)	43.15M (E) 171K (C)	35.17M (E)	14K (C)
	CGTN: 58.28M (E)				
	CGTN America: 1.2M (E)				
YouTube	289K (C)	173K (E)	25K (E)	3K (E)	75K (C)
Instagram	550K (E)	111K (E)	696K (E)	23.5K (E)	N/A

PRC-Funded and PRC-Controlled Media Outlets

The Chinese Communist Party liaises with Chinese-language media mainly through the Overseas Chinese Affairs Office of the State Council (or Qiao Ban 侨办). The Qiao Ban holds an annual conference on Chinese-language media called the World Chinese Media Forum. These media outlets are registered in the United States by US citizens or permanent residents, but they might actually be owned by Chinese state-run companies.

The Overseas Chinese Affairs Office of the State Council of PRC (中國國務院僑務辦公室) appears to directly control the Asian Culture and Media Group (美國亞洲文化傳媒集團) in America, which has three media subsidiaries: SinoVision (美國中文電視), the *China Press* (Qiaobao or 僑報), and the *Sino American Times* (美洲时报). Sky Link TV (天下衛視) is another media outlet in the United States. Unlike SinoVision and Qiaobao, it is fully owned by Guangzhou Media American Co, Ltd. (美國廣視傳媒有限公司), which in turn is owned by GZ Television Media (广州影视传媒有限公司), a Chinese state-owned media outlet.

SinoVision

The group's main TV outlet is SinoVision. It operates two twenty-four-hour channels (one Chinese and one English), and it is on the program lineups of cable systems Time Warner Cable-73, Verizon FiOS-26, Cablevision-73, and RCN-80, covering about thirty million people. Sinovision's website (美国中文电视, http://www.sinovision.net) ranks

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twelfth among all the Chinese websites in the United States. Its reporting hews closely to China's official media:

- **Example 1:** On June 27, 2017, the US Department of State, in its annual Trafficking in Persons Report 2017, put China at Tier 3, the lowest class. In reporting this news, SinovisionNet simply reposted comments from the official website of the Ministry of Foreign Affairs of China attacking the human rights record of the United States.[1]

- **Example 2:** In March 2017, the US State Department published its 2016 Human Rights Report. SinovisionNet published two stories on this topic. One reported the reaction to the story by the Ministry of Foreign Affairs. The other story came from Xinhua, which was highly critical of the US human rights situation. SinovisionNet also published two reports by the Information Office of the State Council of China on America's human rights record. It did not publish State Department's human rights report.[2]

- **Example 3:** On the tensions in the South China Sea, almost all the stories posted on SinovisionNet are from official Chinese media outlets and websites. They are naturally critical of US actions in that area.[3]

Qiaobao and the Sino American Times

Qiaobao, or the *China Press* (僑報, http://www.uschinapress.com), is the flagship pro-PRC newspaper published in the United States. Its website ranks forty-first among all the Chinese websites in the United States. Qiaobao was established in 1990. It is headquartered in New York City with branches in twelve major metropolitan areas of the United States. The *Sino American Times* (美洲时报) is a free paper and not a major media presence in the United States.

Independent Media

Over the course of the last decade, most of the independent Chinese-language media outlets in the United States have been taken over by businessmen sympathetic to the PRC.

- **Wenxuecheng** (文学城, wenxuecheng.com) is the most popular Chinese-language website in the United States. In 2003, it was purchased by a Taiwanese American

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businessman with business interests in China. There is an unsubstantiated rumor that the investment was subsidized by $1 million from the Ministry of Propaganda.

- **Duowei** is another online source that was for years an independent Chinese-language media. It was purchased in 2009 by a pro-PRC Hong Kong businessman.

- **Mingjing, or Mirror Media**, a Chinese-language web presence based in Canada, was once considered independent of Beijing's control but has modified its reporting in recent years.

- **Backchina.com**, (倍可亲, ranked as the fifth most popular Chinese website in the United States), was once a staunch critic of China like Duowei. But in 2017 its editors attended the ninth World Chinese Media Forum in China and its reporting became far more positive about the PRC.

- **Sing Tao Newspaper Group** was established in Hong Kong in 1938. In 2001, it was purchased by a pro-Beijing businessman.

- **The *World Journal*** (世界日报) was for years the premier Chinese-language paper in the United States. It, too, has softened its stance on the PRC in recent years.

- **Ming Pao** served the Hong Kong-immigrant community. It is another formerly independent newspaper that has fallen under Beijing's control.

- **Boxun** is a Chinese-language news site whose servers are located in North Carolina. It was founded by an immigrant from China. Its news is highly unreliable.

- **The *Epoch Times*** (大纪元), the Hope Radio, and New Tang Dynasty TV, remain independent of PRC control. They are either owned or operated by adherents to the Falun Gong sect, which is banned in China. Their reporting on China is uneven.

- **Vision Times** (secretchina.com) was founded in 2001 as a website, secretchina .com, and began publishing a free weekly newspaper in 2005.

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NOTES

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Dissenting Opinion

SUSAN SHIRK

Although I have no problem with the factual research that has gone into specific sections of the report, I respectfully dissent from what I see as the report's overall inflated assessment of the current threat of Chinese influence seeking on the United States. The report discusses a very broad range of Chinese activities, only some of which constitute coercive, covert, or corrupt interference in American society and none of which actually undermines our democratic political institutions. Not distinguishing the legitimate from the illegitimate activities detracts from the credibility of the report. The cumulative effect of this expansive inventory that blurs together legitimate with illegitimate activities is to overstate the threat that China today poses to the American way of life. Especially during this moment in American political history, overstating the threat of subversion from China risks causing overreactions reminiscent of the Cold War with the Soviet Union, including an anti-Chinese version of the Red Scare that would put all ethnic Chinese under a cloud of suspicion. Right now, I believe the harm we could cause our society by our own overreactions actually is greater than that caused by Chinese influence seeking. That is why I feel I must dissent from the overall threat assessment of the report.

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Afterword

ORVILLE SCHELL AND LARRY DIAMOND

What makes this report timely and important is China's increasingly forward and aggressive posture on the global stage. Once largely a form of economic competition, China's recent turn to military and political rivalry with the United States has changed the whole equation of the bilateral relationship. If the United States is to fare well in this increasingly adversarial competition, Americans must have a far better sense than they now do about both the nature of the system and values that underlay the People's Republic of China and the challenges Beijing's ambitious agenda of multi-faceted outreach is beginning to pose for our country—especially our media, universities, think tanks, and other civil society institutions that make our society so unique, vibrant, and strong.

However, at the same time that we fortify ourselves against harmful outside interference, we must also be mindful to do no harm. In particular, we must guard against having this report used unfairly to cast aspersions on Chinese, whether Chinese American immigrants who have become (or are becoming) United States citizens, Chinese students, Chinese businesspeople, or other kinds of Chinese visitors, whose contributions to America's progress over the past century have been enormous.

Just because the Chinese Communist Party presumes that all ethnic Chinese (wherever they may reside) still owe some measure of loyalty "to the Chinese motherland," *zuguo* (祖国), does not mean that they are collectively in possession of compromised loyalty to their adopted home or place of study. Our Working Group's findings do suggest that the leadership of the PRC has stepped up a new and well funded campaign of influence seeking in the United States. However, this should not be viewed as an invitation to a McCarthy era-like reaction against Chinese in America. Rather, it is a summons to greater awareness of the challenges our country faces and greater vigilance in defending our institutions.

In helping to convene this Working Group on Chinese influence seeking in the United States (and elsewhere in the world), the intention of the Task Force on US-China relations has been to limit the growing PRC challenge to American institutions and values, which is being played according to rules that are increasingly lacking in reciprocity. Developing strategies to counteract and protect our society when influence seeking becomes interference is the charge of this report, and perhaps the most effective defense is to strengthen our own democratic values and institutions. But at the same time we would be naïve not to want to become more familiar with the full dimensions of Beijing's overseas ambitions, the state organs, and the resources now dedicated to "overseas propaganda,"

waixuan (外宣), and the less than transparent manner in which Chinese influence seeking is often carried out.

We reiterate: it is absolutely crucial that whatever measures are taken to counteract harmful forms of Chinese influence seeking not end up demonizing any group of Americans, or even visitors to America, in ways that are unfair or reckless.

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About the Participants

Robert Daly is Director of the Kissinger Institute on China and the United States at the Woodrow Wilson International Center for Scholars.

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Orville Schell is the Arthur Ross Director of the Center on US-China Relations at Asia Society.

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International Associates

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John Fitzgerald is an Emeritus Professor in the Center for Social Impact at Swinburne University of Technology.

John Garnaut is a political risk consultant to the Australian government and private sector and was Senior Advisor to former Prime Minister Malcolm Turnbull.

Timothy Garton Ash is a Senior Fellow at the Hoover Institution and Professor of European Studies at the University of Oxford.

Francois Godement is the director of the European Council on Foreign Relations' Asia and China Program.

Bilahari Kausikan is a former Permanent Secretary of the Singapore Ministry of Foreign Affairs.

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Volker Stanzel is Vice President of the German Council on Foreign Relations and former German Ambassador to China and Japan.

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From: Robert Trivers [redacted]
Sent: 12/22/2018 8:21:20 PM
To: Jeffrey Epstein [jeevacation@gmail.com]
Subject: Missing message

Importance: High

no evidence you got the latest so i have sent you just the key message itself—rather long so i have put in bold the only references to Enhanced Learning Foundation—references had to do with paying Amy Jacobson 30 grand for a year of work on Honour killings—my own expenses covered by myself

of course i know little or nothing about stocks but i do feel like Trump is nothing but bad news for them, which frightens me, given that he has 2 more years—it has cost me >$100,000 recently not for obvious economic reasons but because it looks like we have no one sensible in charge of the whole country

_____

December 16

am good so far

had a **very** productive two days with my research assistant Amy Jacobson in New Jersey

we now have 60+ papers on honour killings in Jersey and another 20 in Jamaica

especially important areas are Pakistan, Turkey (Kurds), Saudi Arabia and India

lots of variation in mating system, form of homicide, reasons given, frequency of multiple victims and/or multiple perpetrators, degree of retribution and so on

am working out the logical details on inheritance—females seem invariably to count for 1/2 of what a male does in Islam

parallel-cousin marriages—father's brother—occur in the desserts of Saudi Arabia—it radiated out from there with Islam—such systems are selected in competition with each other, as in Iraq—two paternal lineages bind against others similarly binding

deserts in other primates are often associated with more intense male-male between group fighting, e.g. hamadryas vs regular baboons—that we were doing more than riding the camels in the dessert is suggested by the fact that a lactose-tolerant gene arose in that area related to the lactose of camels, so we were apparently milking our camels !

i believe you have heard of the Enhanced Learning Foundation; it got me to where i am today on this subject, and perhaps it may wish to go further

i intend to do a year of intense work and then summarise. i was never mentally as fast as you and i am certainly not getting faster with age (76 this February) but i do have a good eye for fundamental logic and i believe this will be the last serious project in my life--i will not let go until i have wrapped this whole thing up, especially with the help of Amy, who is now putting together a master Excel file on all this

i plan a book on all of this of course, it will be co-authored by Dr Jacobson

if the ELF wanted a formal proposal, i am happy to do so

BTW resistance already making itself known—Texas A&M biology showed interest in hiring me but faculty were critical of my honour killing work—particularly (as usual) my claim that victims were often beautiful—where was my "metric" for beauty?—without which i was not allowed to speculate--and wasn't i disrespecting the dead by saying they were often beautiful while still alive !!

i have thought through trans-sexuality in humans to my satisfaction—i will get back to you shortly on that

all best

——

one final anecdote on Trans

met a very attractive 42 year old woman in New Orleans, married, 4 children, thoroughly heterosexual—no lesbian relationship—but she had a fantasy of being f—kid by a male -> female trans because she preferred a cock in her but also liked a female figure, hips, ass, soft skin etc—hadn't seen that anywhere on the internet!

all best, in haste

bob

Mishcon de Reya

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W8 5TT

21 December 2018

BY EMAIL

Dear Sirs

Our client: Alan Dershowitz

We act for Alan Dershowitz.

Our client is featured in an article entitled '*Second woman claims billionaire Jeffrey Epstein "directed" her to have sex with lawyer Alan Dershowitz WHILE he was defending pedophile on underage prostitution charges*' published on your website on 18 December 2018 at the following URL: https://www.dailymail.co.uk/news/article-6509743/Second-woman-claims-billionaire-Jeffrey-Epstein-directed-sex-lawyer-Alan-Dershowitz.html (the **Article**).

The Article

The Article contains a number of extremely serious and highly defamatory statements about our client's alleged involvement with [redacted]

Heading:

- "*Second woman claims billionaire Jeffrey Epstein 'directed' her to have sex with lawyer Alan Dershowitz WHILE he was defending pedophile on underage prostitution charges*"

Sub-heading:

- "*Ransome alleges that she was asked to have sex with Alan Dershowitz by Epstein*"

Body:

- "*A second woman is claiming that she was 'directed' to have sex with lawyer Alan Dershowitz by one of his clients, billionaire felon Jeffrey Epstein*";
- "*… she was told by Epstein to have sex with Dershowitz*";

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- *"Dershowitz would have been defending Epstein at the time of the alleged sexual encounter, having been hired to work on the case in 2005 when a number of underage girls began coming forward and telling police they were paid to have sex."*

- *"This makes [redacted] the second woman to allege that she had sex with Dershowitz at the behest of Epstein."*

These allegations mean and would be understood to mean that:

- Mr Epstein directed [redacted] to have sex with our client;

- Our client had encouraged Mr Epstein to direct [redacted] in this way;

- Ms Ransome alleged that our client had sex with her;

- Our client did in fact have sex with [redacted]

- Our client was in some way involved in Mr Epstein's soliciting of women for prostitution;

- Our client was in some way involved in Mr Epstein's soliciting of children for prostitution;

- Our client's behaviour was improper and in breach of his professional obligations and the law; and

- Our client is a sexual predator and/or a paedophile.

The facts

Our client did not have sex with [redacted] Indeed, our client has never met or previously heard of [redacted]

[redacted] has been unwilling to make any claims about our client outside the courtroom (we assume for privilege reasons).

Our client has never been in any way involved in Mr Epstein's alleged soliciting of women or children for prostitution. Our client is not a sexual predator or a paedophile.

We are instructed that:

- The allegations made by [redacted] form part of a wider campaign against our client by [redacted] lawyer, David Boies, against whom our client has filed a complaint with the Florida bar.

- [redacted] is a known fantasist. Amongst other claims, she has claimed to have sex tapes of the US President, Donald Trump, as well as Hillary Clinton, Bill Clinton, and other prominent figures. She has also accused our client of having acted for her in the past – a claim which is easily disprovable by court records.

All of the above information was in the public domain at the time you published the Article.

Your conduct

Your conduct has been disgraceful. You published the Article without making any effort to seek our client's comment. Further, you took the story from an article in *The New York Daily News*, yet chose to ignore our client's position contained therein. You also deliberately embellished upon the story in *The New York Daily News*: nowhere in that article does it state either that [redacted] claimed that she had sex with our client, or that she did have sex with him. In fact, quite the opposite, it states as follows: "*Nowhere in the court case or the transcript does Ransome or anyone else allege that* [redacted] *had sex with Dershowitz – or that she was directed to*."

It is staggering that a news organisation as well-resourced and with such a good reputation as yours has conducted itself in this way.

Serious harm

Given the gravity of the Allegations – which include imputations of seriously improper and/or unlawful behaviour – as well as the nature and extent of publication, there is no question that serious harm has been, and will continue to be, caused to our client's reputation.

The serious harm you have caused to our client's reputation is not only causing him (and his family) great anguish, it is likely to cause significant damage to his ability to earn in the future. He will hold you fully liable for this.

Immediate action required

In view of the above, our client requires you to immediately do the following:

1. Remove the Article from your website.

2. Publish an apology, the terms of which to be agreed.

3. Remove any associated links to the Article within your website.

4. Undertake not to repeat the Allegations.

5. Undertake to pay our client significant damages, the quantum of which to be agreed.

6. Undertake to pay our client his legal costs.

Please may we hear from you **within 24 hours**. In the meantime, all our client's rights are reserved.

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Yours faithfully

Mishcon de Reya LLP

Mishcon de Reya LLP

Direct Tel: [redacted]
Direct Fax: [redacted]
Email: [redacted]

From: [redacted]
Sent: 3/7/2019 4:21:42 PM
To: Jeffery Edwards [jeevacation@gmail.com]
Subject: Fwd: DeMilked - 30 Ordinary Photos With Amazing Backstories

Importance: High

Jeff/Warren: Go directly to photo #9. Terry

Sent from my iPhone

Begin forwarded message:

From: DeMilked <noreply+feedproxy@google.com>
Date: March 7, 2019 at 2:48:52 PM GMT+1
To: [redacted]
Subject: DeMilked - 30 Ordinary Photos With Amazing Backstories
Reply-To: [redacted]

DeMilked - 30 Ordinary Photos With Amazing Backstories

- 30 Ordinary Photos With Amazing Backstories
- This Chinese Blogger Uses Makeup To Transform Herself Into Anyone She Wants
- 49 Short Wholesome Comics About Daily Struggles
- This 16-Year-Old Boy Knew He Wanted To Be An Artist Since He Was Just 2 Years Old
- 23 Ordinary Slavic People That Look Just Like Famous Celebrities

30 Ordinary Photos With Amazing Backstories

Posted: 07 Mar 2019 05:15 AM PST

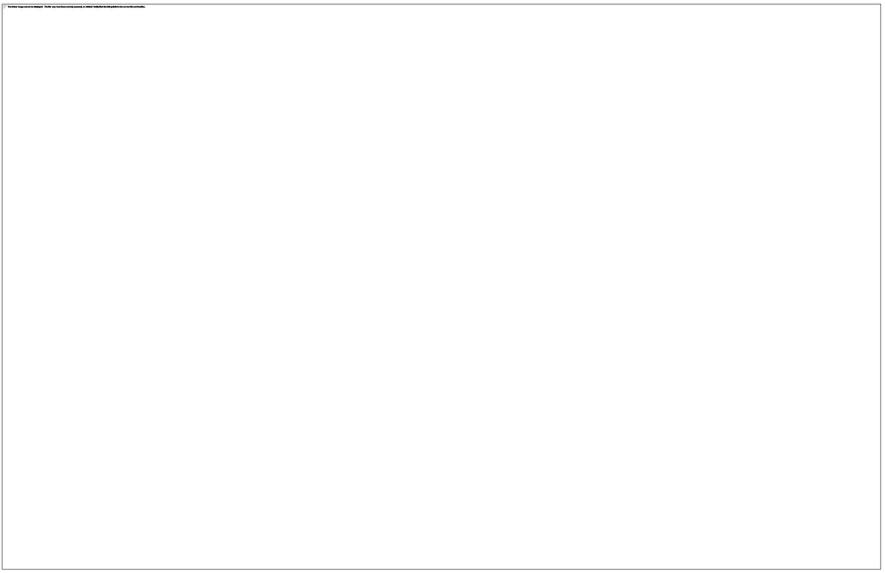
Sometimes certain pictures have unique significant meanings to us even though others would see them as a simple snapshot. That old faded picture of you sitting on the beach? Maybe it was the first time you ever saw the sea. A 20-year-old picture with a childhood friend at their birthday party? Maybe it's the last picture of you together before you drifted apart. Bored Panda has compiled a list of photos that look ordinary at first glance but become something special once you hear the stories behind them. Check them out in the gallery below!

h/t: Bored Panda

#1 Tadeusz Zytkiewicz Holding A Picture Of Himself

This is Tadeusz Zytkiewicz – the first person in Poland to receive a heart transplant – holding a picture of himself and the performing doctor, Zbigniew Religa, with his colleague, seen sleeping in the corner. The difficult surgery took 23 hours and Dr. Religa stayed up to monitor the patient's vitals. The photo, taken by American photographer James Stanfield, was chosen to by National Geographic to be the best picture of 1987.

#2 The Three Unsung Heroes Of Chernobyl

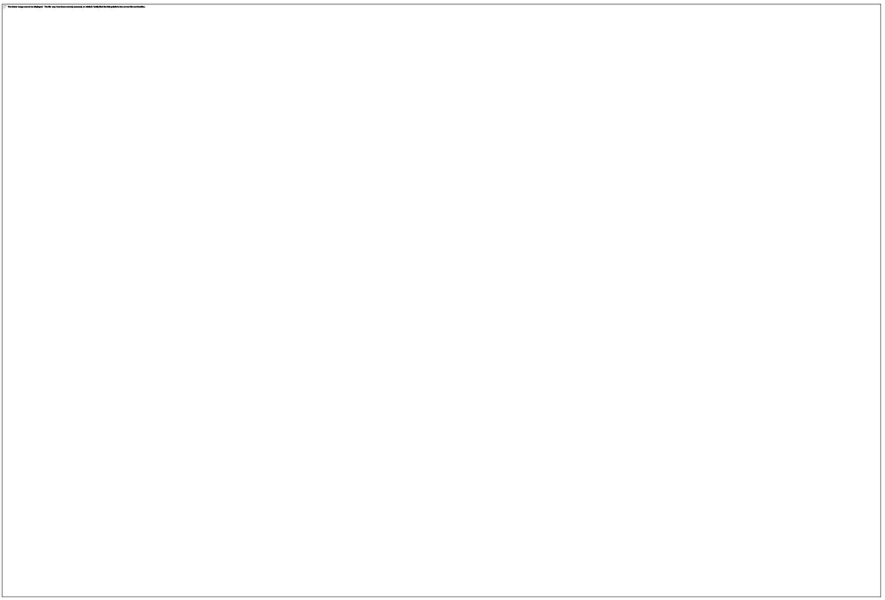


The three men – Alexei Ananenko (second left) and soldiers Valeri Bezpalov (center) and Boris Baranov (far right) – risked their lives o drain the fluid near the reactor during the Chernobyl Nuclear Disaster in Pripyat, Ukraine in 1986. After the plant's water-cooling system failed and a pool formed under the reactor 10 days into the disaster, there was a high risk that the lava-like radioactive substance could melt through the barriers and drop the reactor's core into said pool, causing a steam explosion. Luckily, the men were able to drain the fluid and spectacularly, all three survived.

#3 Cher Ami

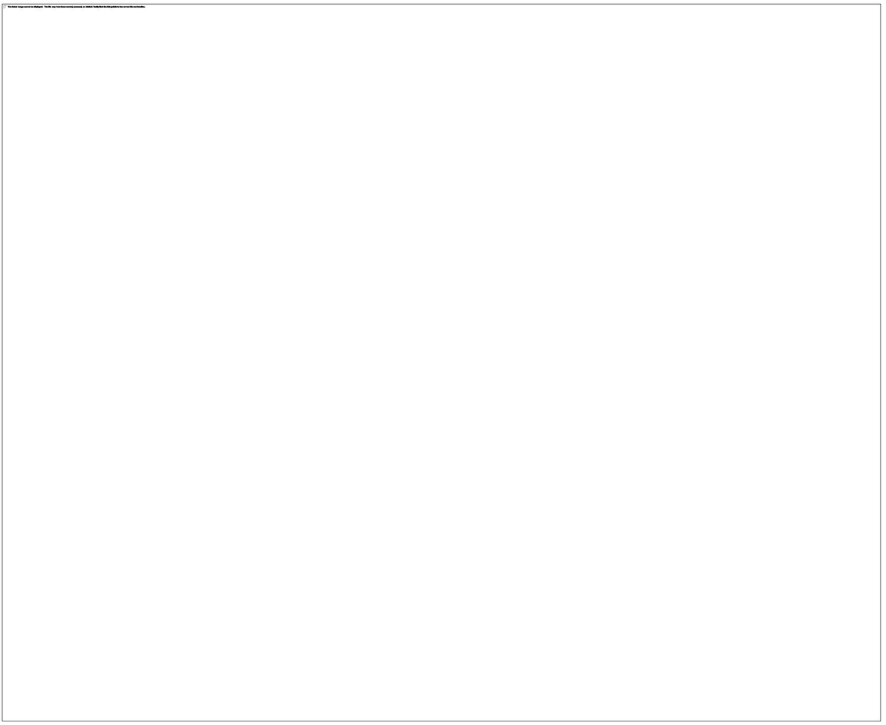
Cher Ami was the name given to a pigeon that saved 200 soldiers during WWI. The poor bird was shot multiple times and lost an eye and a leg but still managed to deliver a message from the trapped battalion.

#4 'Behind Closed Doors'



Photographer Donna Ferrato took this gruesome picture back in 1982 when photographing the lives of wealthy swingers. The couple – Elisabeth and Bengt – were having an argument and it quickly escalated, resulting in Bengt hitting his partner. The photographer wanted the photo to be published but many publishers refused and she only managed to do so in 1991. The book was titled 'Living With the Enemy' and chronicled events of domestic violence. Thanks to Donna's efforts, Congress passed the Violence Against Women Act in 1994.

#5 Behind The Counter



The photo, taken by Fred Blackwell on May 28, 1963, shows three protesters – John Salter, Joan Trumpauer and Anne Moody – sitting at the counter of a white-only Woolworth's five-and-dime store in Jackson while an angry mob pours ketchup, sugar, and mustard on them. The three protesters were from the Tougaloo College, a black college that went on to become the core of the civil rights movement in Mississippi.

#6 'Wait For Me, Daddy'

This PDF image cannot be displayed. Tip: Ask a PDF Reader (including a version of Adobe Acrobat Reader) to convert this document.

This moving photo was captured by Claude Detloff in Vancouver during WWII as soldiers of the Duke of Connaught's Own Rifles were marching off to fight. The boy's father safely returned home in October 1945.

#7 Childhood Friends

On April 6, 1972, workers of French company Joint Français went on strike and were confronted by the riot police. This picture, captured by Jacques Gourmelen, shows two men – Guy Burmieux, a worker at the company, and Jean-Yvon Antignac, a riot policeman – standing face to face. In that moment, the two recognized eachother – they were childhood friends. "I saw him [Guy Burmieux] go toward his friend and grab him by the collar. He wept with rage and told him, 'Go ahead and hit me while you're at it!' The other one didn't move a muscle," recalled the photographer.

#8 'Burst Of Joy'

This photo, taken in 1973 and titled 'Burst of Joy', shows United States Air Force Lt Col Robert L. Stirm reuniting with his family after spending over 5 years as a prisoner of war in North Vietnam. The girl with the open arms is Robert's 15-year-old daughter Lorrie. The photo was taken by Associated Press photographer Slava "Sal" Veder and won a Pulitzer prize. "You could feel the energy and the raw emotion in the air," recalled the photographer.

#9 The Youngest Mother

Lina Medina, born on 23 September, 1933, was the youngest woman ever to give birth. She did so when she was just 5-years-old. Turns out Lina was born with a rare condition called 'precocious puberty', a condition where sexual development happens at an early age. Lina gave birth on May 14, 1939, via a cesarean section, since her pelvis was too small. The child, named Gerardo, was born completely healthy but the father was never found out.

#10 'Terezka's Scrawls'

The photo, taken by photographer David Seymour in 1948, shows Terezka, a young girl living in the home for emotionally disturbed children located in Warsaw, 1948. The girl grew up in a concentration camp and the past horrors can still be seen on her face.

#11 Two Brothers

What might look like a fun photo at first glance, showing two brothers, Michael and Sean McQuilken, is actually the last picture of them before being struck by lightning. The photo was taken at Moro Rock in California's Sequoia National Park on August 20, 1975. "At the time, we thought this was humorous. I took a photo of Mary (their sister) and Mary took a photo of Sean and me. I raised my right hand into the air and the ring I had on began to buzz so loudly that everyone could hear it. I found myself on the ground with the others. Sean was collapsed and huddled on his knees. Smoke was pouring from his back," recalled Michael. All of them survived but, sadly, Sean took his own life in 1989.

#12 Moving An Apartment Building To Create A Boulevard In Alba Iulia, Romania

This amazing photo, taken in Alba Iulia, Romania back in 1987, shows construction workers moving a whole house after it was deemed to be in the way of a new boulevard. The building was split into two parts and moved 55 meters to the side. The workers moved the 7,600-ton building in just six hours.

#13 Motel Manager Pouring Acid In The Water

The photograph, taken by Horace Cort, shows Jimmy Brock, manager of the Monson Motor Lodge motel pouring a bottle of muriatic acid into the pool to scare protesters swimming in the pool. Martin Luther King Jr was arrested for trespassing at the same motel seven days prior and the protesters planned a swim-in in the motel's pool.

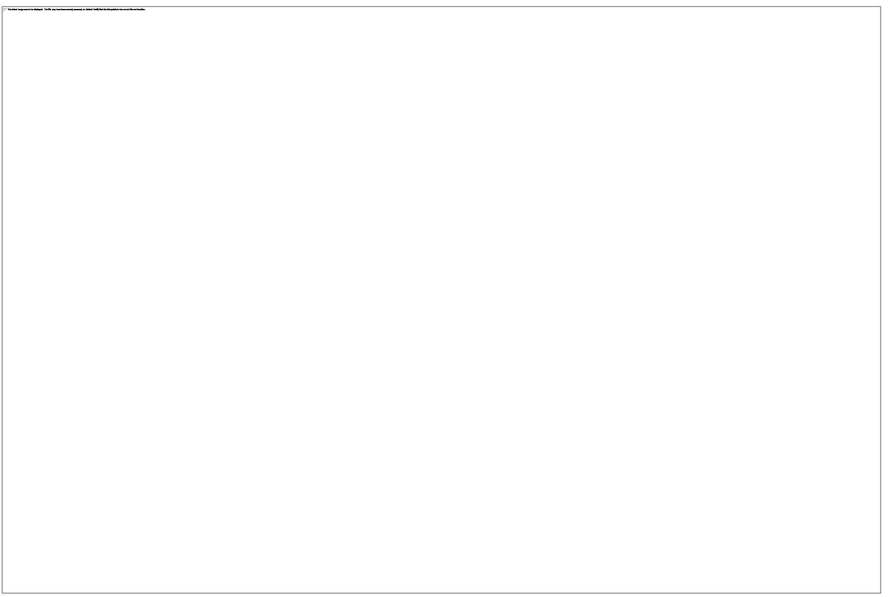
#14 Children For Sale

This Website contains sexually explicit material. You MUST leave this site if you are under age of 18 or if viewing such material is illegal in your country or offends you.

Image source: Rare Historical Photos

This photo, taken in 1948, shows Lucille Chalifoux, a 24-year-old woman auctioning off her children after her husband lost his job and the family was forced to move from their apartment. Lucille was pregnant with her fifth child at the time. All of the children were bought off and rumors say they were forced into slavery.

#15 'Tragedy By The Sea'

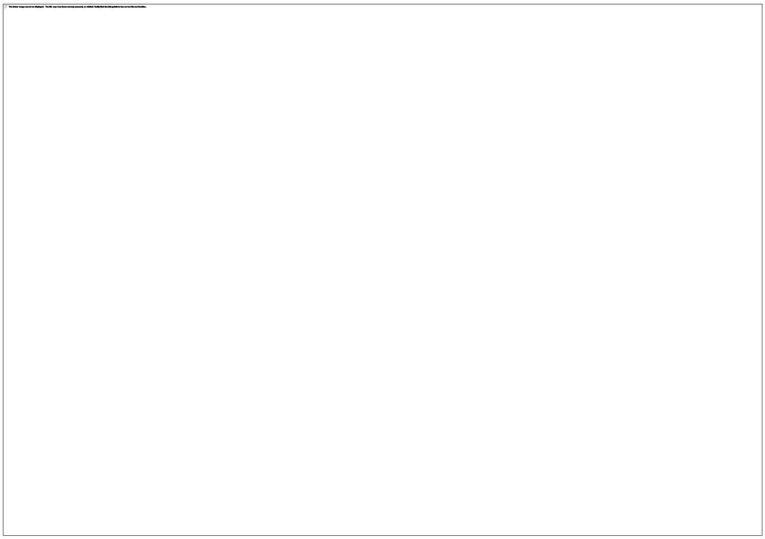


Photographer John Gaunt was in the front yard of his beach home when he heard his neighbor shouting "something's happening on the beach!". The photographer quickly grabbed his camera and rushed to the beach where he found a couple by the water clutching each other. Their 19-month-old son had just wandered off and vanished into the water. This heartbreaking photo went on to wn the Pulitzer Prize.

#16 'An Armenian Man Dances For His Lost Son In The Mountains Near Aparan, Armenia'

“In 1998, I found myself in Aparan, a large town an hour’s drive from Armenia’s capital, Yerevan. A local dance troupe was performing that evening, in the open air, with most of the suburb in attendance. As soon as I took my first shot, an old man approached me,” said French photographer Antoine Agoudjian. “Tears streamed down his face. He told me that his son had died. That he had been electrocuted, that he was his pride and joy, and that I looked just like him. He broke into sobs and moved towards me with outstretched arms. His name was Ishran. I asked if he would dance for me, and he began dancing. The troupe paused and perched on an outcrop of rocks in the background. It was beautiful, not because the man is beautiful, but because he represents something deep inside the collective consciousness of the Armenian community: a celebratory resilience in the face of overwhelming loss.”

#17 Class Of 1999



What looks like an innocent high school picture, actually hides a dark secret – the teens on the left, pretending to point guns at the camera, were Eric Harris and Dylan Klebold, the same people that organized and carried out the Columbine shooting.

#18 Atomic Bomb Detonation

Image source: Reddit

Harold Edgerton was an MIT physicist, photographer, and pioneer of strobe light photography – a type of photography that allowed to capture incredibly fast moving things clearly. This photograph was taken at the Nevada ProvingGrounds by Edgerton on June 5, 1952, during the operation Operation Tumbler-Snapper test series.

#19 'flight Of Refugees Across Wrecked Bridge In Korea'

Back in 1950, Associatede Press photographer Max Desfor took this dramatic photograph of refugees trying to cross a destroyed Pyongyang bridge, over the Taedong River in North Korea to escape the country. The photo won the Pulitzer Prize in 1951.

#20 “I Will Not Be Sued! I Have The Voice Of An Angel! No Man Can Sue Me.”

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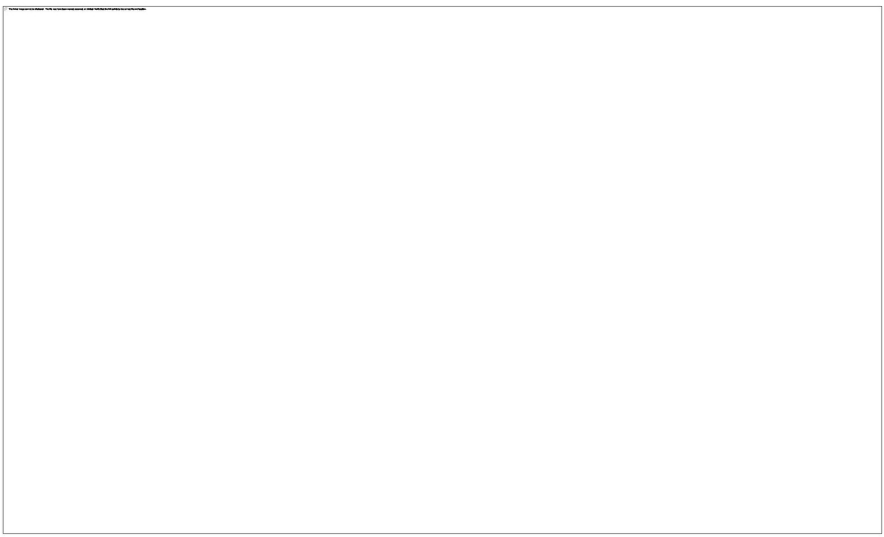
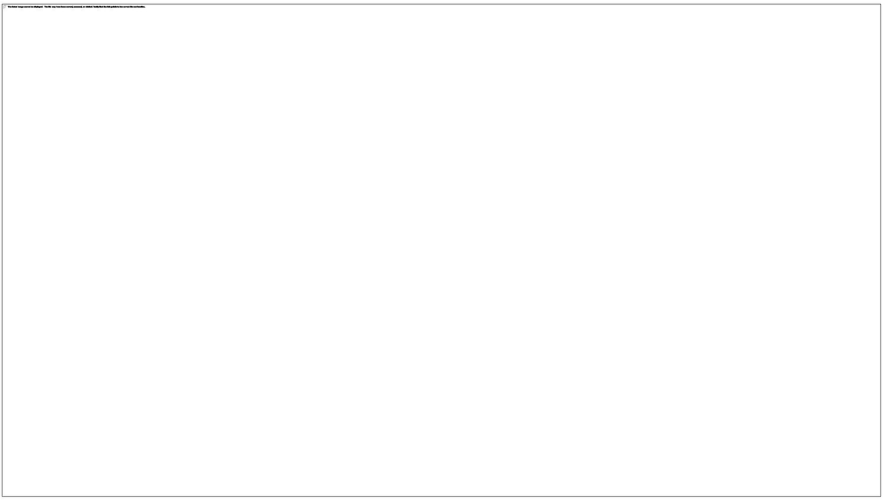
After giving an amazing performance in Chicago's Civic Opera House back on November 17, 1955, opera singer Maria Callas was served a court summons by U.S. Marshal Stanley Pringle and Deputy Sheriff Dan Smith for breach of contract. Upon being presented with the document, Maria screamed "I will not be sued! I have the voice of an angel! No man can sue me." The singer was nicknamed "The Tigress" and vowed never to return to Chicago again.

#21 Young Osama



In this family picture taken in Sweden in 1971, the man second from the left seen in a brown shirt is no one else but Osama bin Laden.

#22 Rajiv Gandhi



Just moments after this picture was taken, Indian Prime Minister Rajiv Gandhi was killed by the girl seen on the bottom left wearing orange flowers – she was wearing a suicide west.

#23 SS Grandcamp

What might seem like an ordinary picture at first, shows a fire breaking out aboard the ship called SS Grandcamp. The people on the dock are members of the Texas City Volunteer Fire Department, attempting to extinguish the fire. Just moments after the picture was taken, the ship exploded and caused what is still known as the largest non-nuclear explosion in human history. Over 5,000 people were injured and 468 died in this 1947 tragedy.

#24 Soviet Soldiers Harassing A German Woman

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During the Soviet occupation of Germany, mass rapes took place in the occupied territory during the war and after. Some historians say that as many as 2 million German women might have been raped.

#25 'Leap Into Freedom'

Image source: TIME

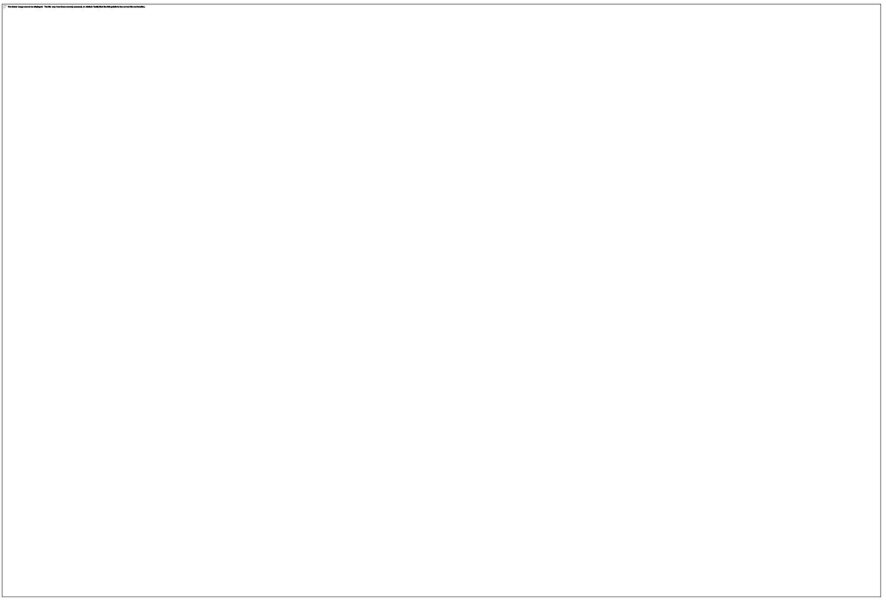
After post-war Berlin was divided into four occupation zones, the living conditions were greatly different in each one. Between 1949 and 1961, about 2.5 million people fled from Soviet-occupied East Germany. Barricades and barb wire was placed to stop people from fleeing but that did not stop 19-year-old border guard Hans Conrad Schumann. A crown in West Berlin was enticing the young soldier to come over. The soldier said he did not want to "live enclosed," and jumped the barbed wire, escaping into the West side. The photo was considered a symbol of freedom but Hans did not deal with the newly-found fame well – he committed suicide in 1998.

#26 'D-Day'

Image source: TIME

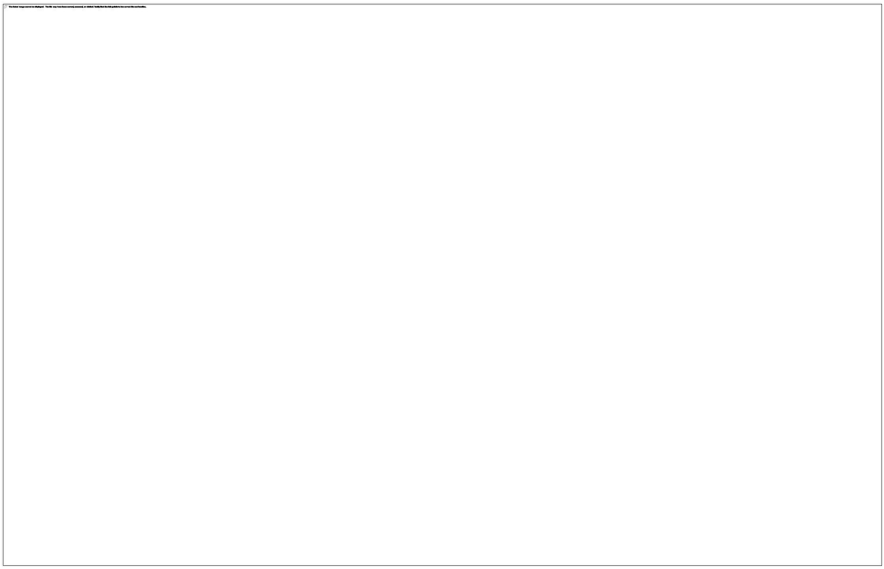
LIFE photographer Robert Capa captured this dramatic image on 6 June, 1944 – during the D-Day invasion. The man in the photo is Private First Class Huston Riley, a 22-year-old soldier who was shot multiple times. The photographer and a fellow sergeant helped the wounded soldier who later recalled thinking "What the hell is this guy doing here? I can't believe it. Here's a cameraman on the shore." Robert spent over an hour taking photographs as men around him died. Sadly, only one roll of the film survived but the grainy photos were enough to portray the gut-wrenching atmosphere of that day.

#27 An Injured Young Mill Worker



This photo, captured in October 1912, shows an 11-year-old Sanders Spinning Mill worker Giles Edmund Newsom, who recently lost two fingers after an accident in the workplace. He was working along his younger brother for a few months before the accident.

#28 Rodney Alcala

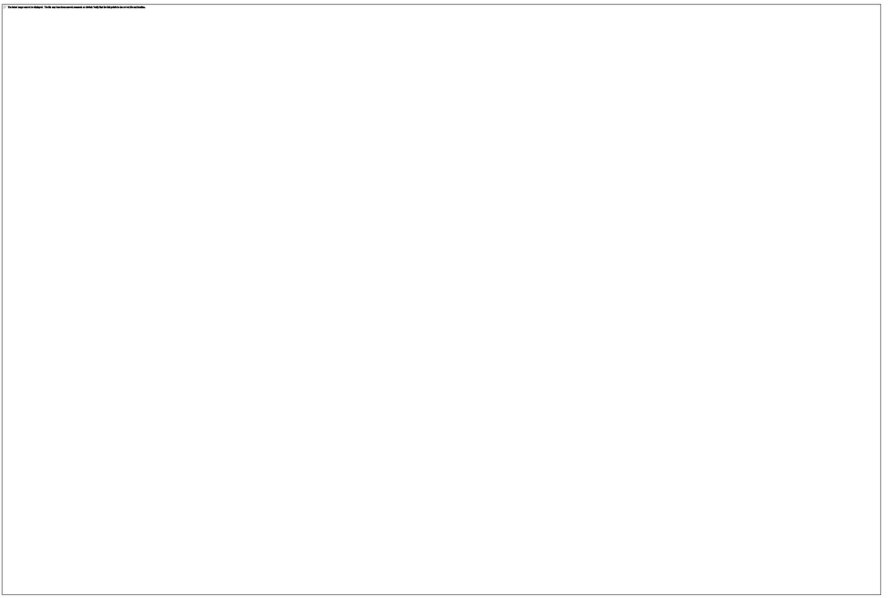


In this picture, Rodney Alcala, known as the 'dating game killer', cross-examines himself in court. He killed several women in the 70s and was even a guest on a dating show during that period. He tried representing himself in court, changing his voice and pretending to be a different person, but eventually lost and was sentenced to death.

#29 "The Last Laugh?"

Two convicted murderers – Richard Hickock and Perry Smith – laugh after hearing about their death sentences. They have murdered a family of four after trying to rob them and only finding $50.

#30 Argument



This dramatic photo was taken by French-Iranian photographer Abbas in Tehran, Iran back in 1978. A rioter holds the shoes of a dead friend who was killed after the military opened fire on the crowd, while the soldier tries to convince the man it was not his unit that opened fire.

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This Chinese Blogger Uses Makeup To Transform Herself Into Anyone She Wants

Posted: 06 Mar 2019 07:45 AM PST

He Yuhong is a Chinese blogger with a unique talent – she can turn herself into any character you can think of using nothing but makeup and her amazing skill. And when we say any character, you better believe we mean ANY character – from Albert Einstein to Christiano Ronaldo, nothing is too big of a challenge for this girl.

Yuhong has already gathered over 518k followers on her Instagram account and almost 16k on YouTube. We're sure that after seeing her incredible talent, you'll become a follower too. Check out her unbelievable transformations in the gallery below!

More info: Instagram | youtube.com | h/t: Bored Panda

This is He Yuhong, the Chinese blogger with a thousand faces, before her transformations

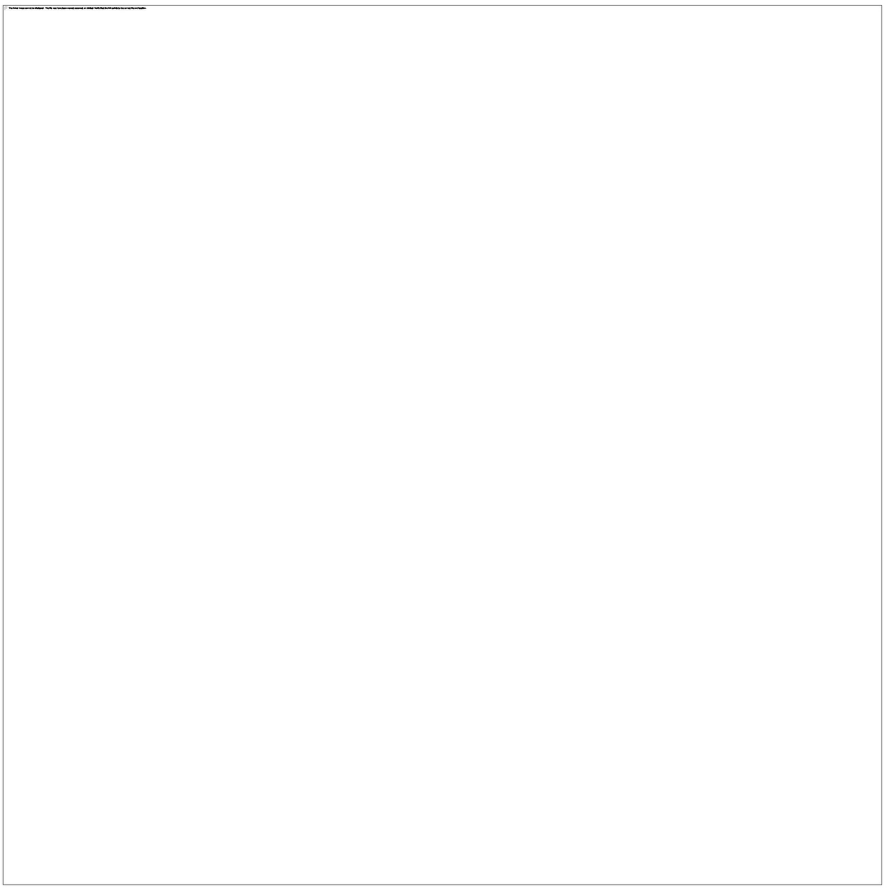
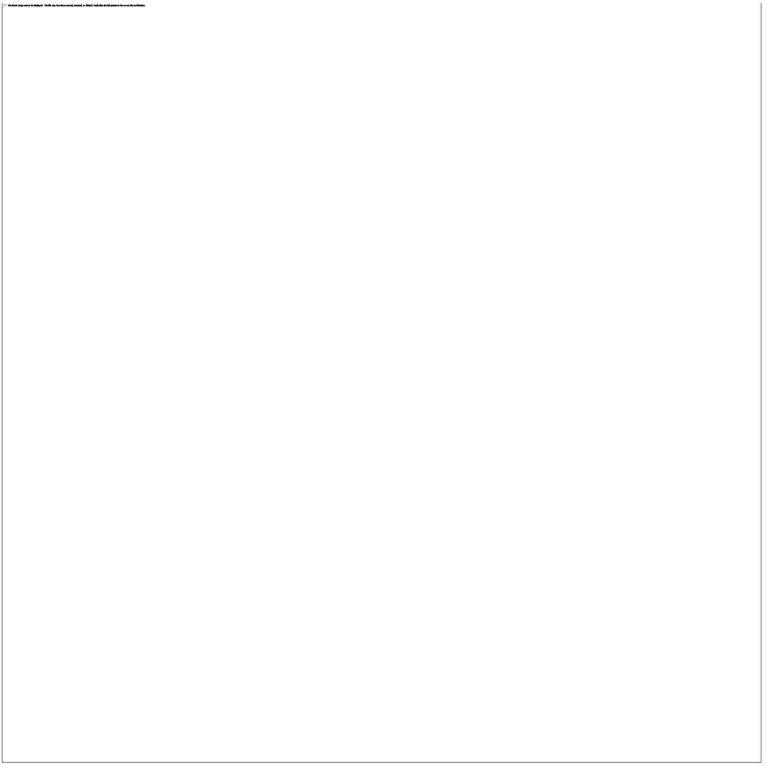


Image credits: yuyamika7

#1 Albert Einstein

Image source: yuyamika7

#2 Johnny Depp



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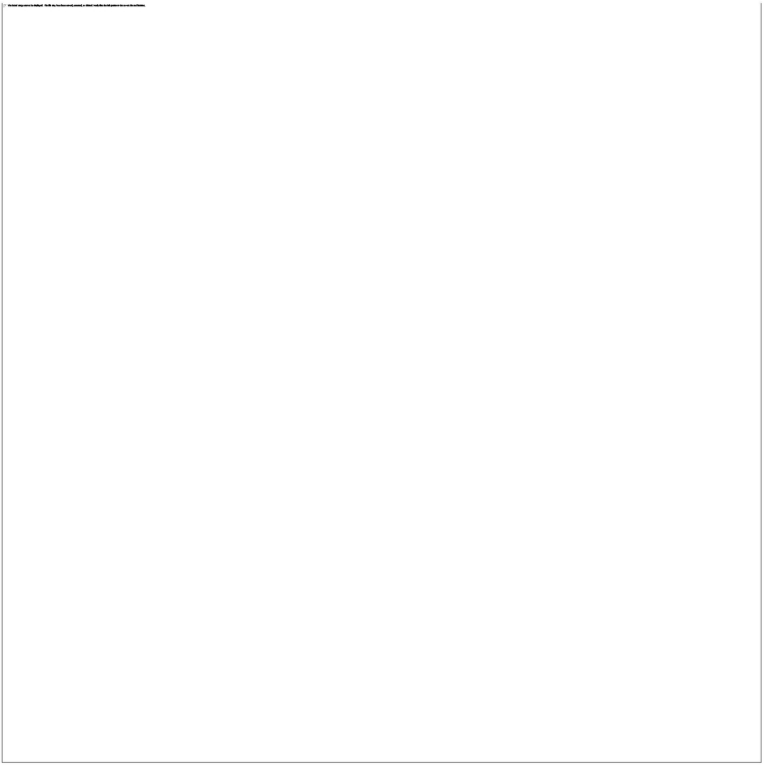
#3 Taylor Swift



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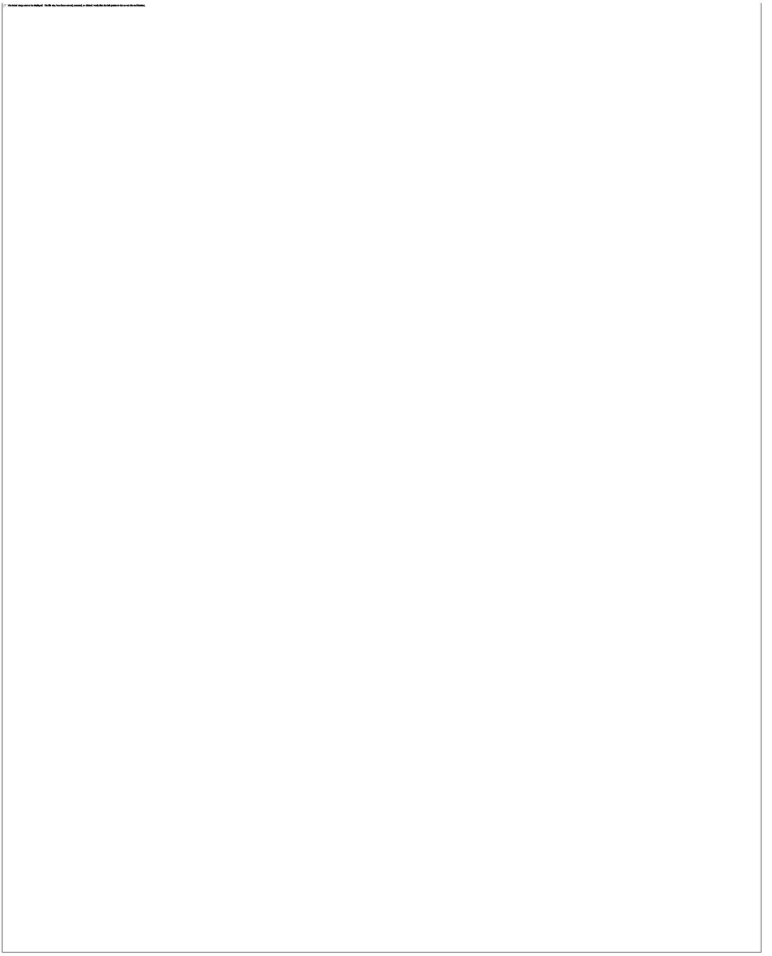
#4 Mona Lisa



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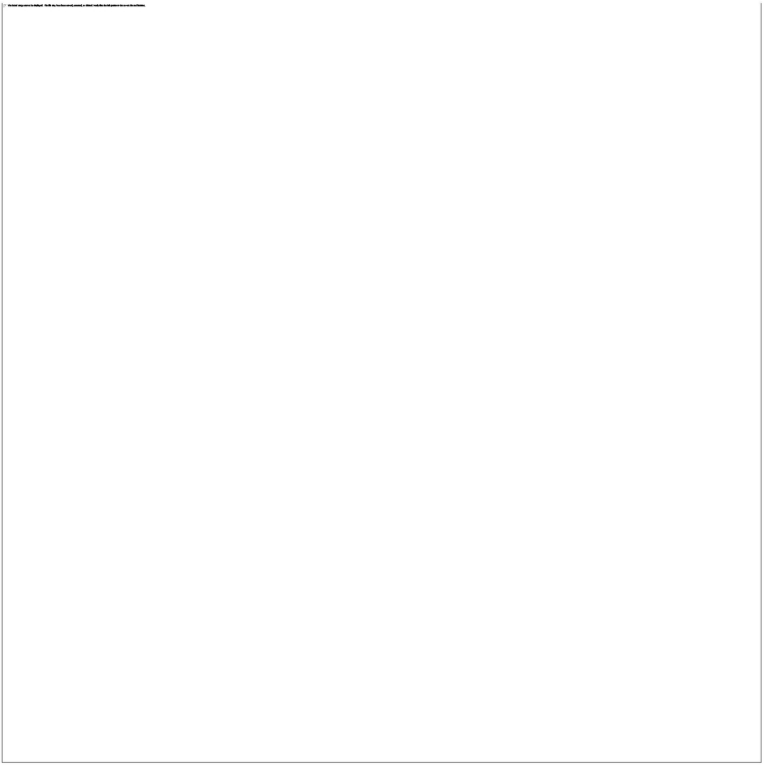

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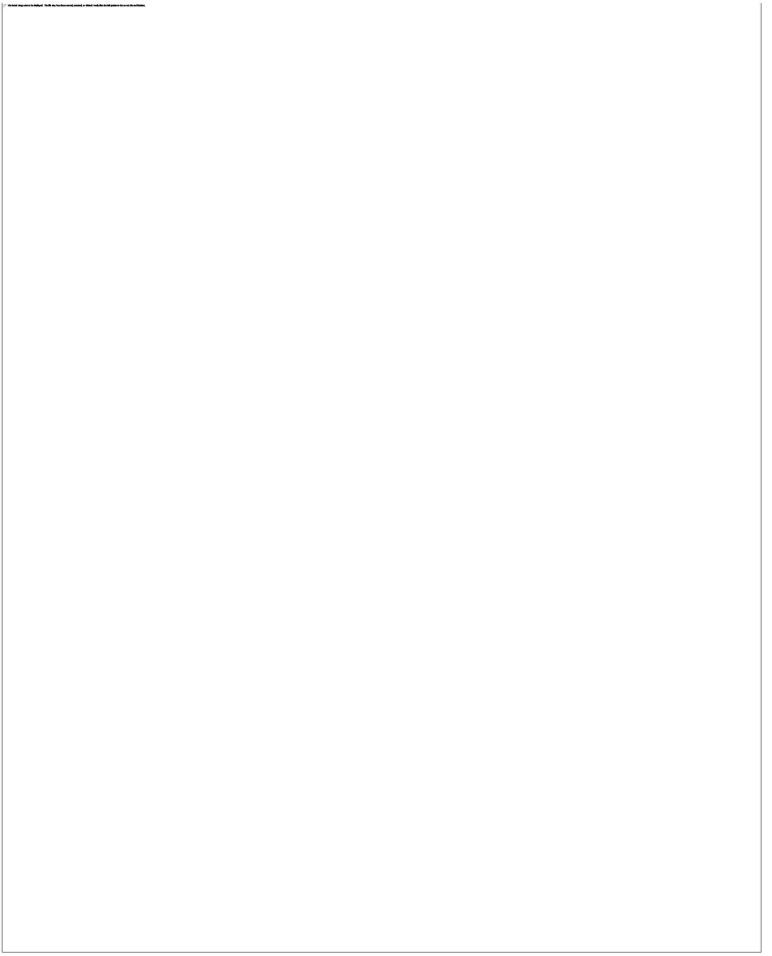
#6 Dita Von Teese



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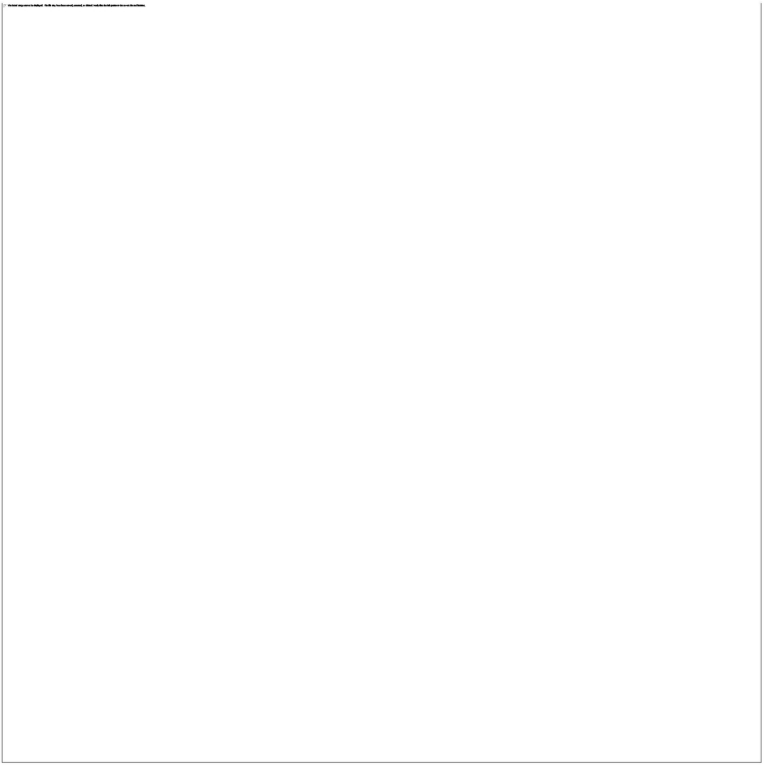
#7 Audrey Hepburn



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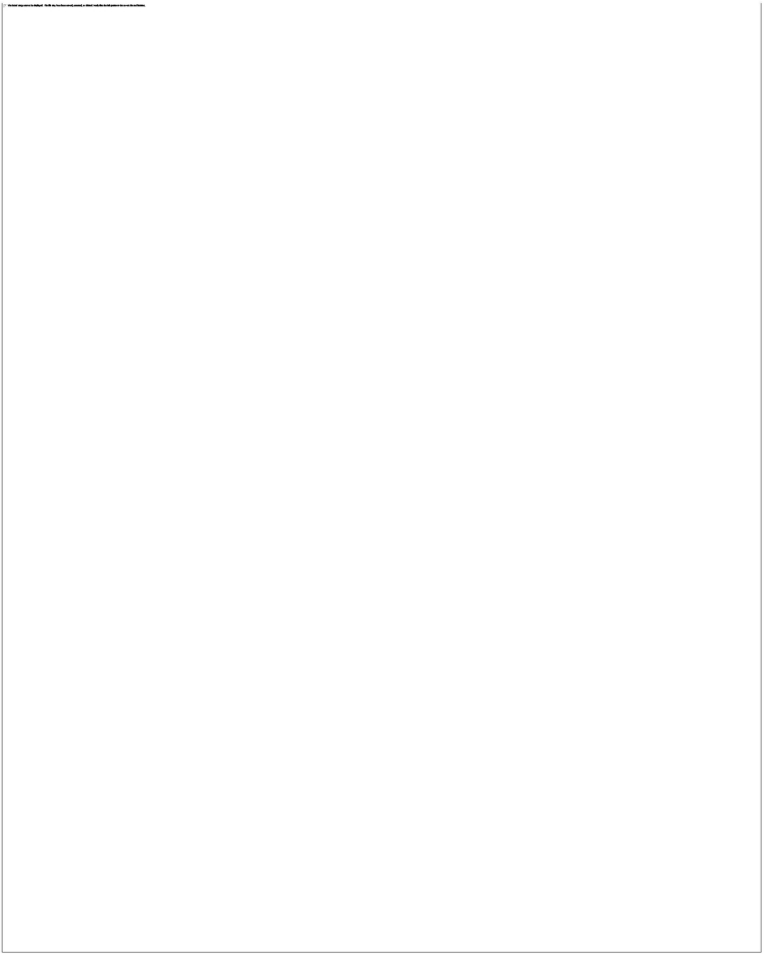
#8 Charlie Chaplin



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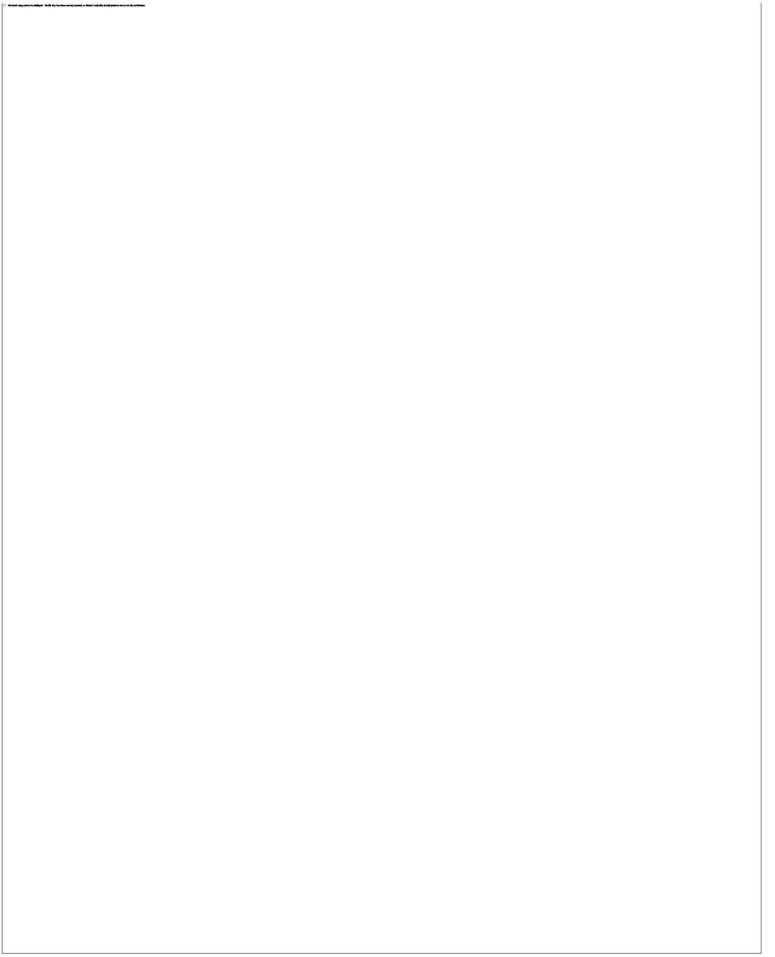
#9 Cristiano Ronaldo



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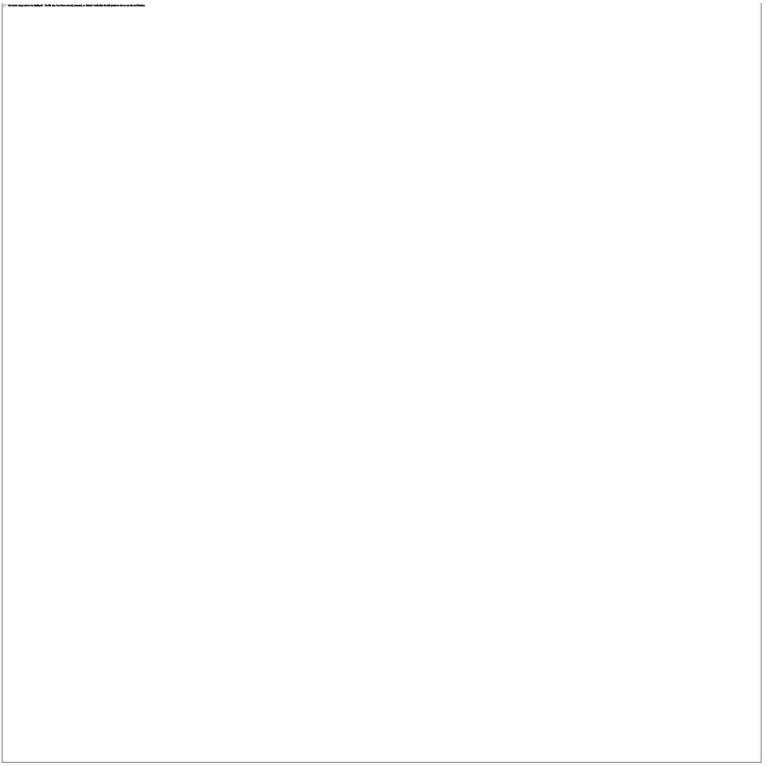
#10 Girl With A Pearl Earring



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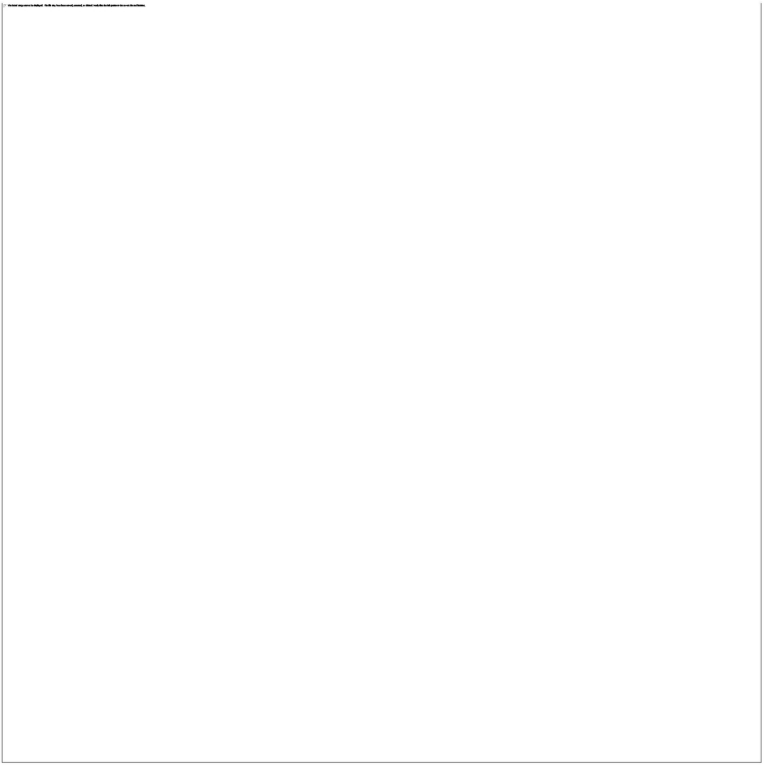
#11 Lady With An Ermine



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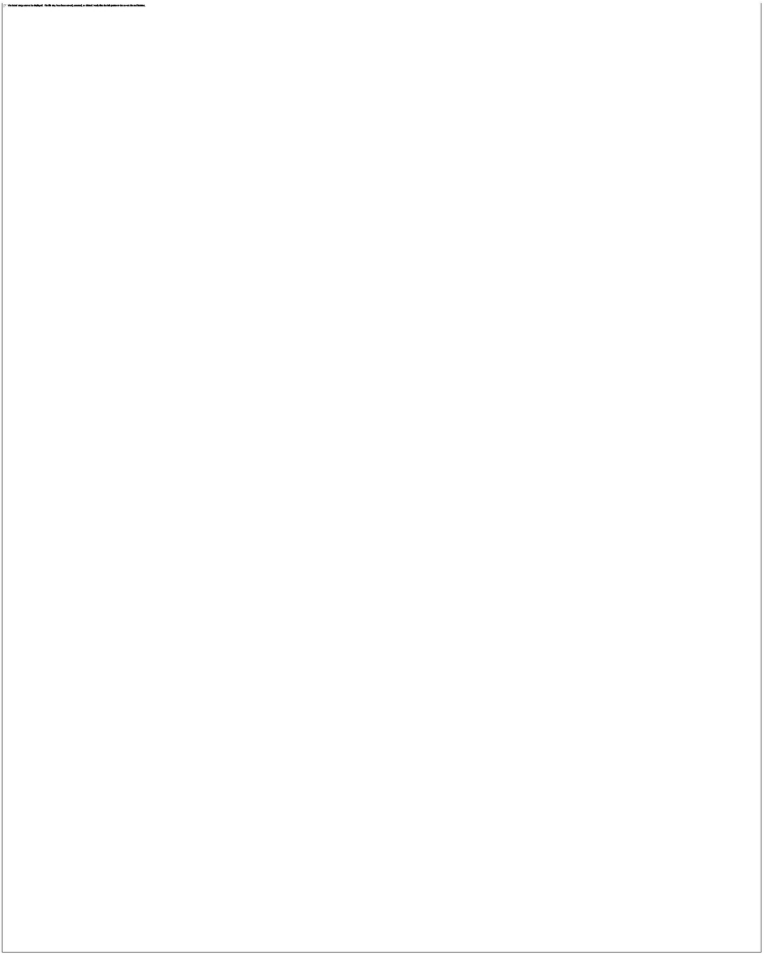
#12 Harley Quinn



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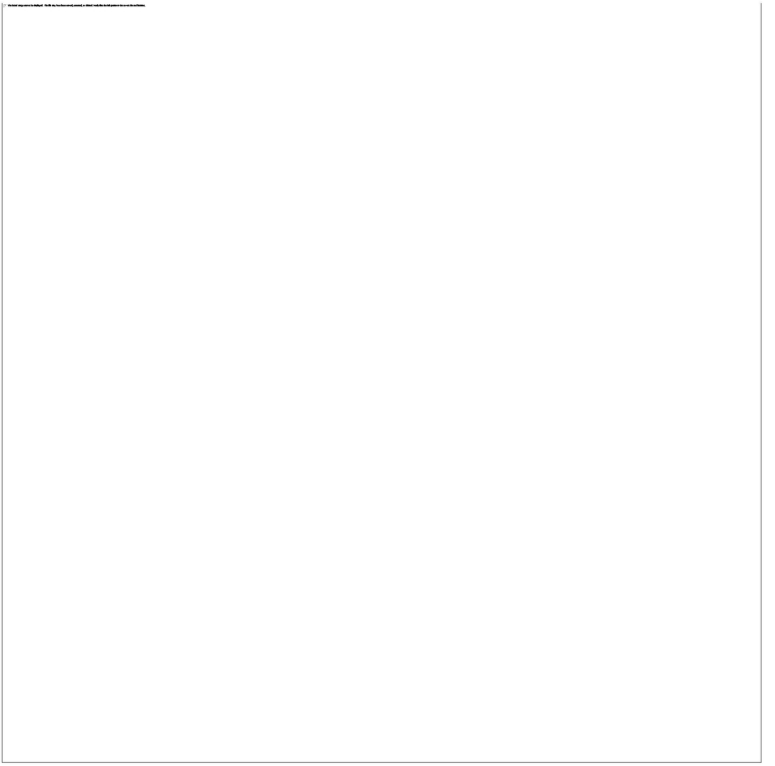
#13 Marilyn Monroe



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#14 Monica Bellucci

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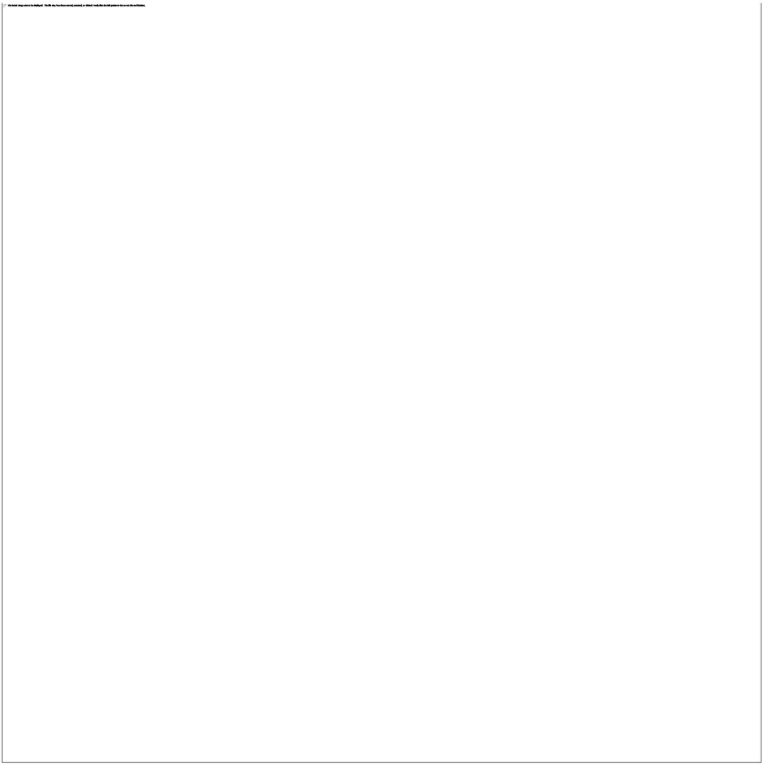
#15 Lily Collins



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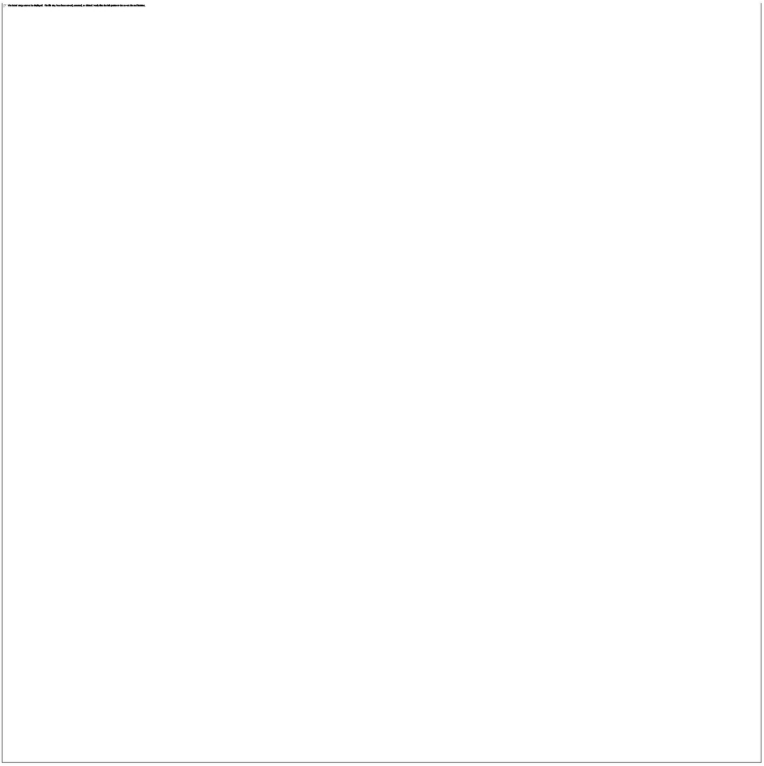
#16 Joachim Low



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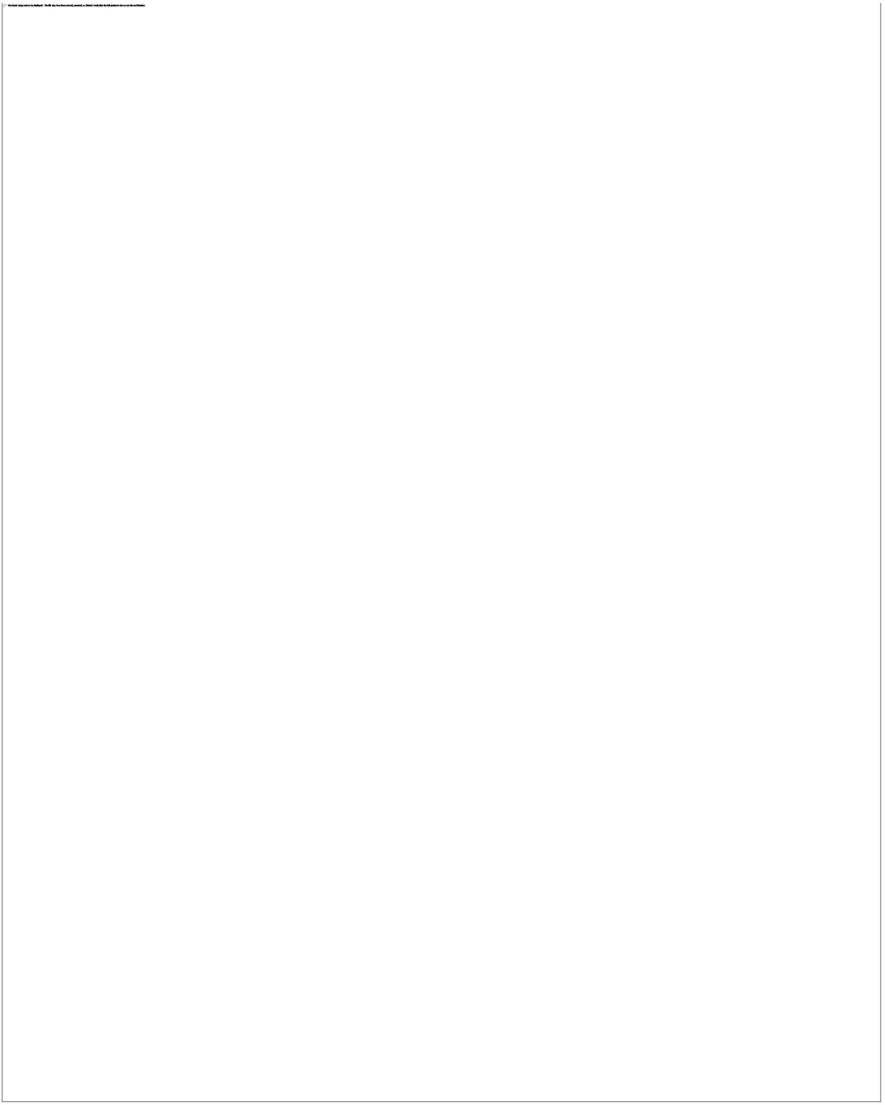
#17 Lady Of Sorrows: Mournful Mary



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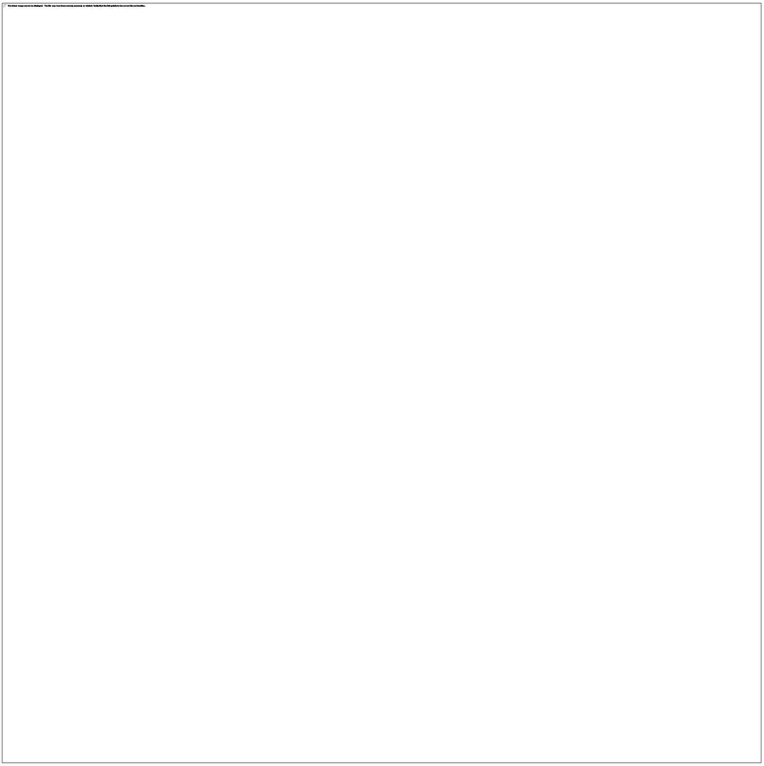
#18 Greta Garbo



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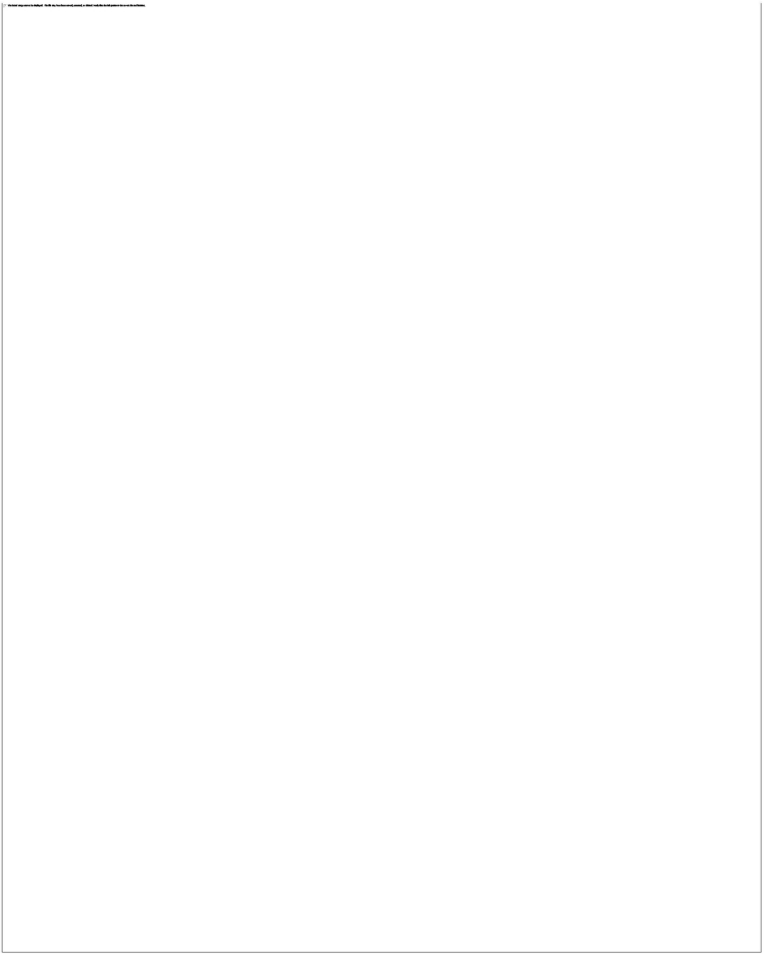
#19 Taylor Swift

#20 Michael Jackson



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#21 Selena Gomez

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49 Short Wholesome Comics About Daily Struggles

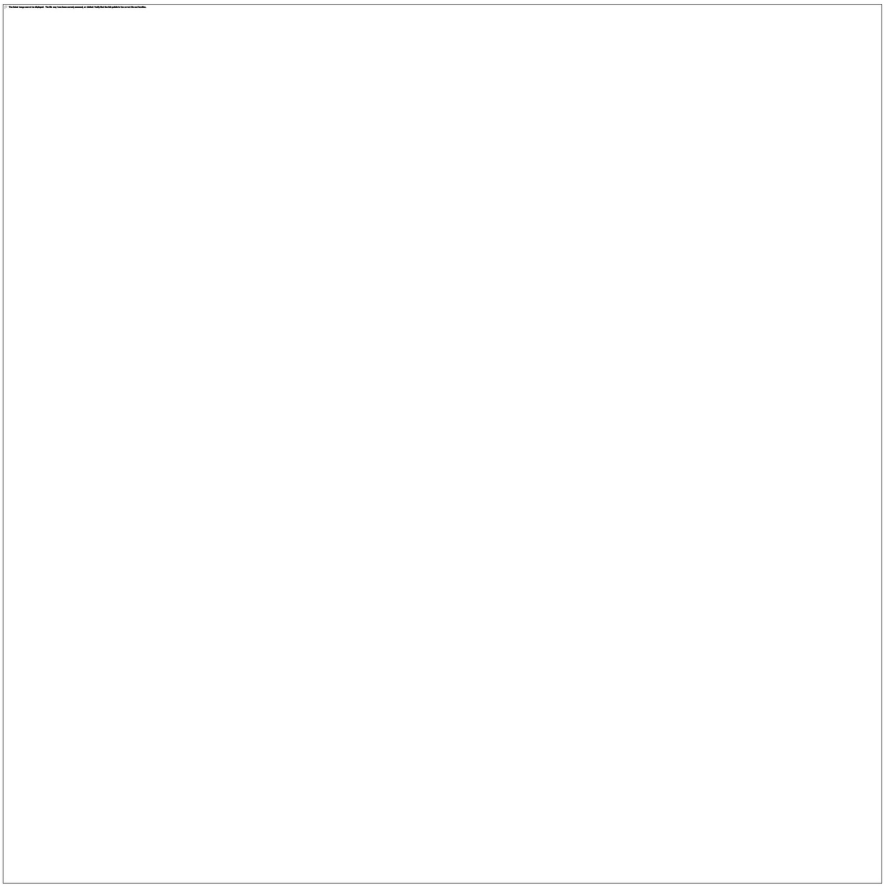
Posted: 06 Mar 2019 07:41 AM PST

Sometimes, when the days get too gray and gloomy, you need a little pick-me-up before you can carry on, something that would make you smile. Artist Valerie Minelli and her comic series about life aim to do just that. “If I can make one person cheer up reading them, it’s a success,” claims the author of the drawings.

Despite the fact that they are drawn in black and white, the little illustrations are warm and quirky. Short and honest, the comics should make your day a little brighter and maybe even remind you a little bit of yourself. Scroll down to read them and check out our other comics about everyday life here and here.

More info: Instagram (h/t)

#1



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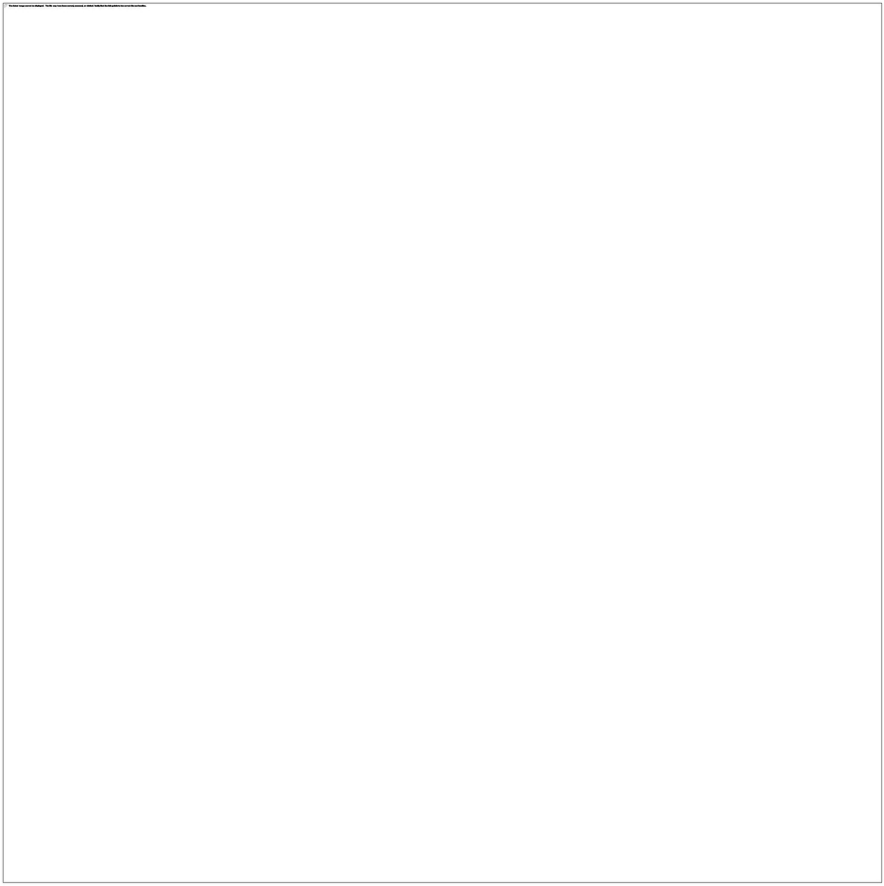

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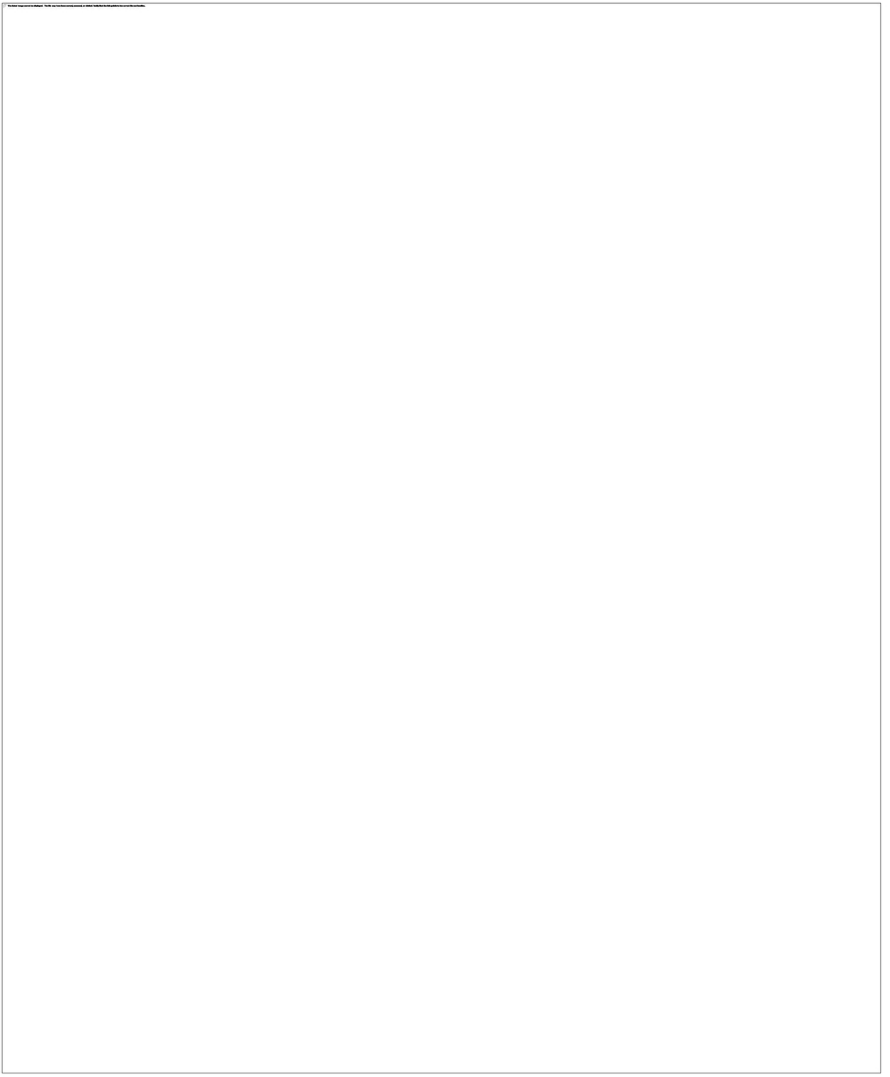
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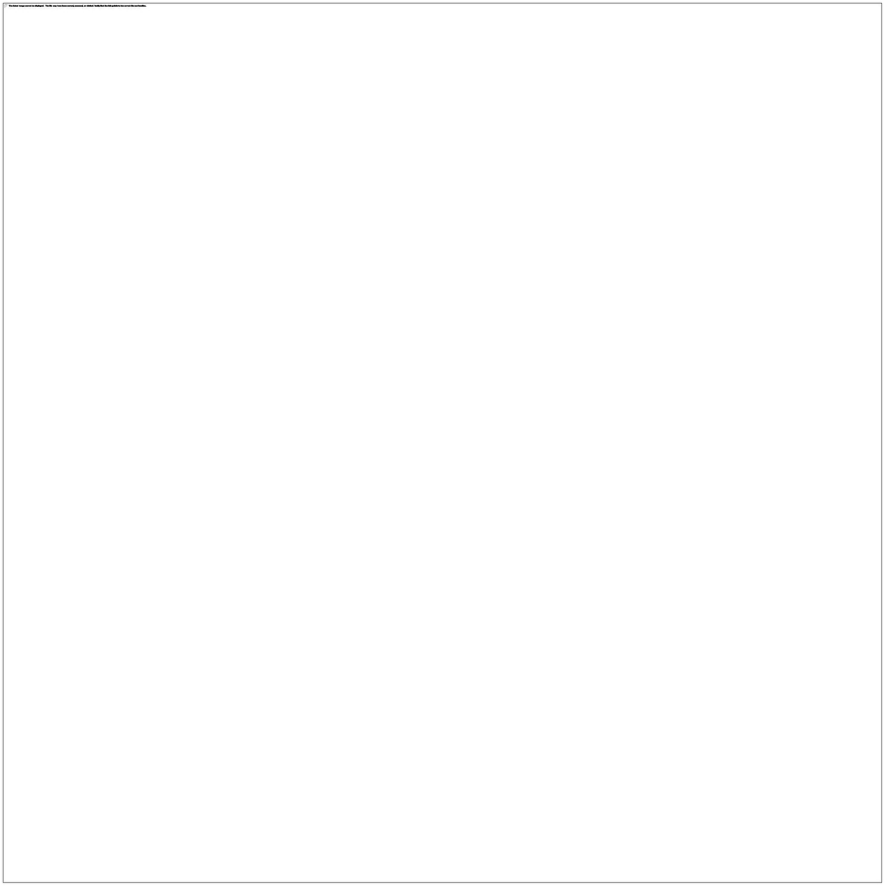
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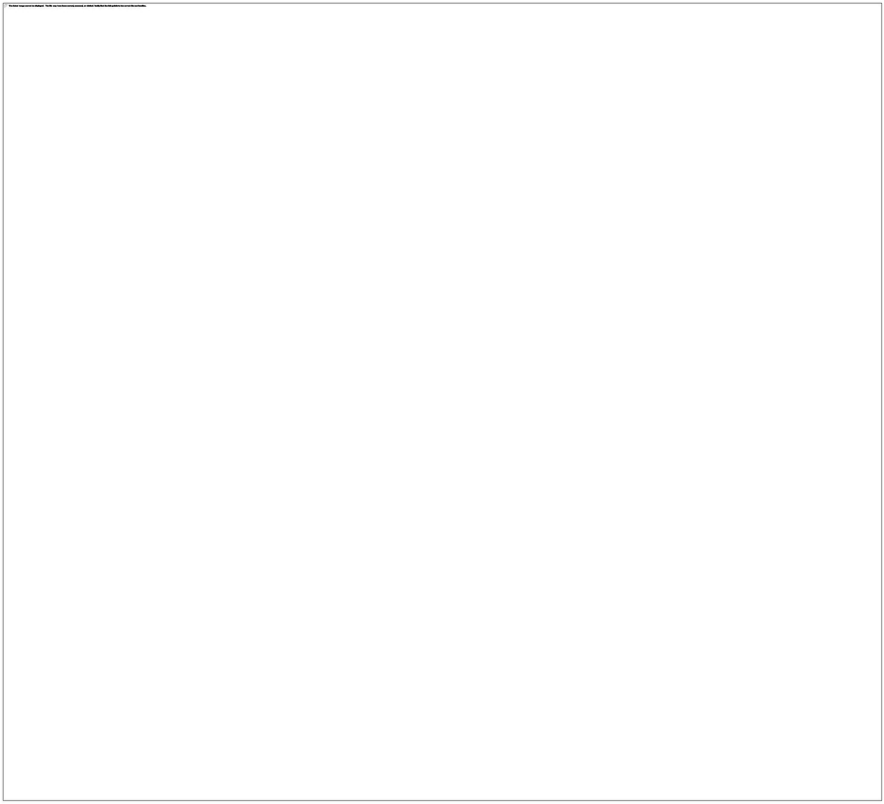
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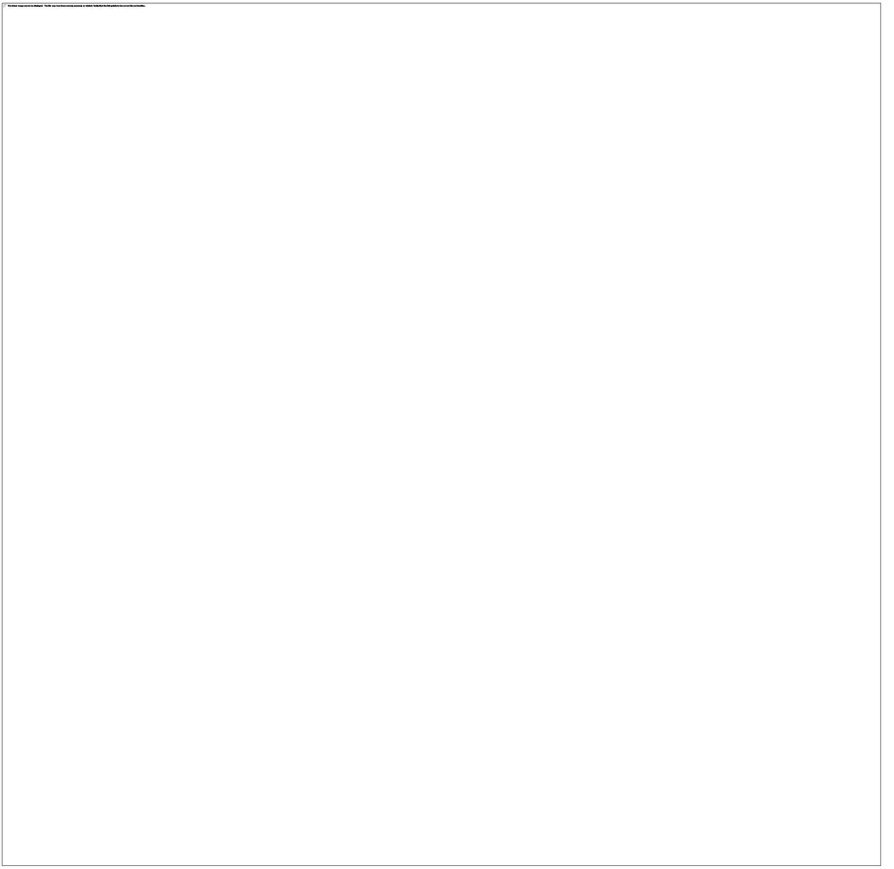
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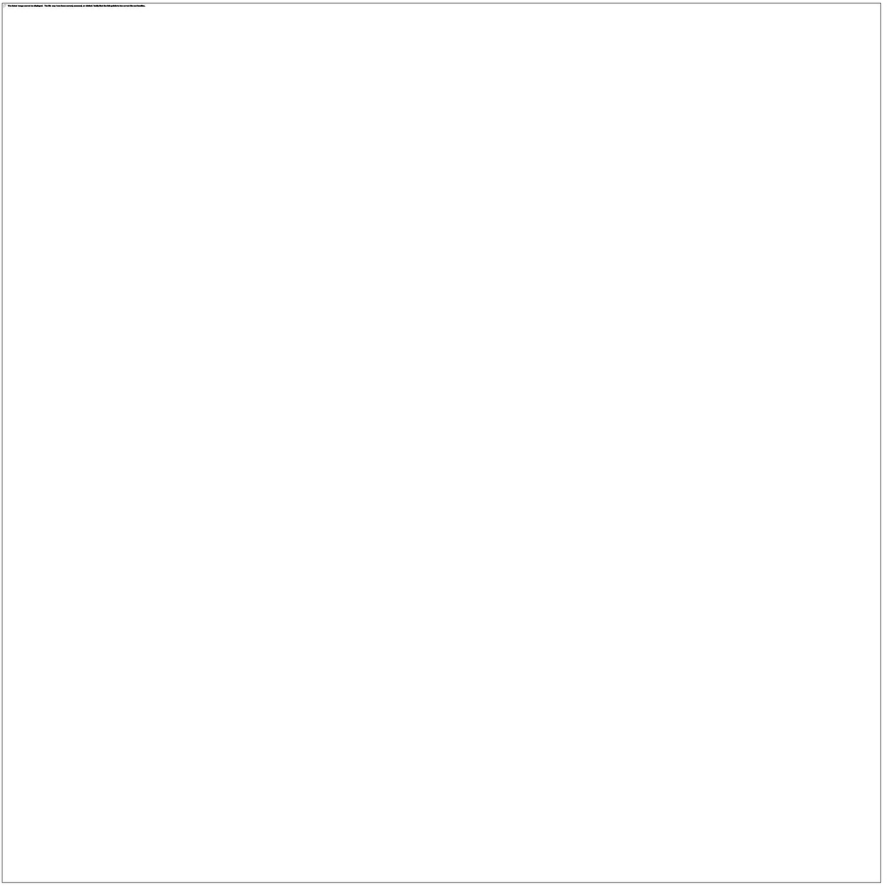
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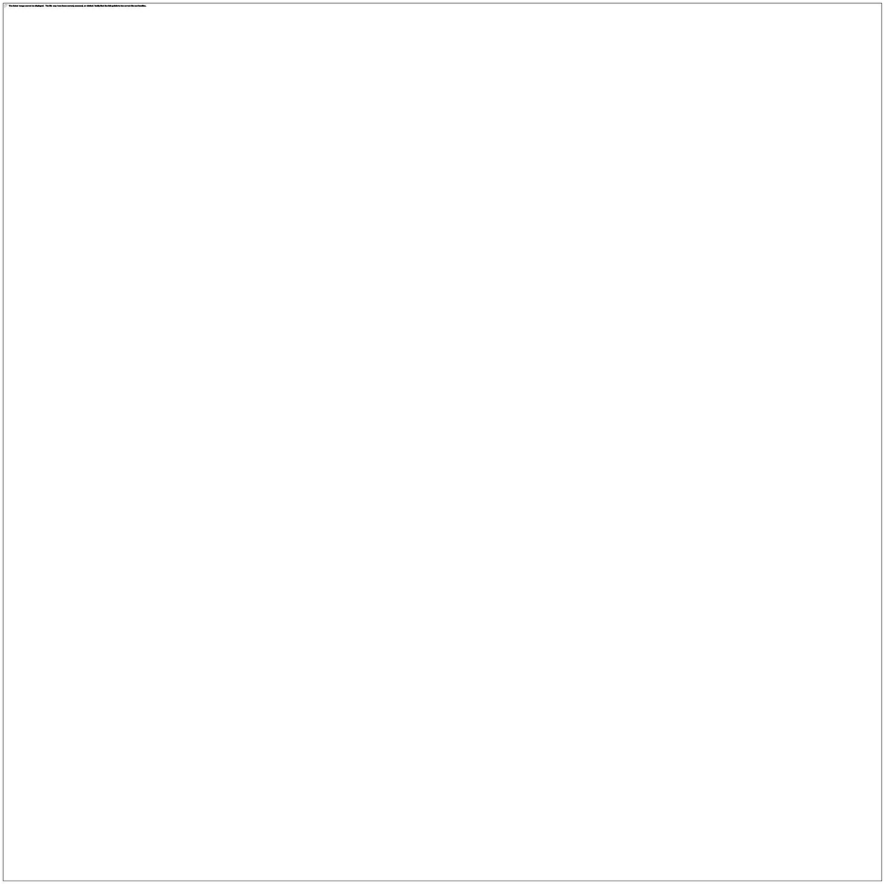
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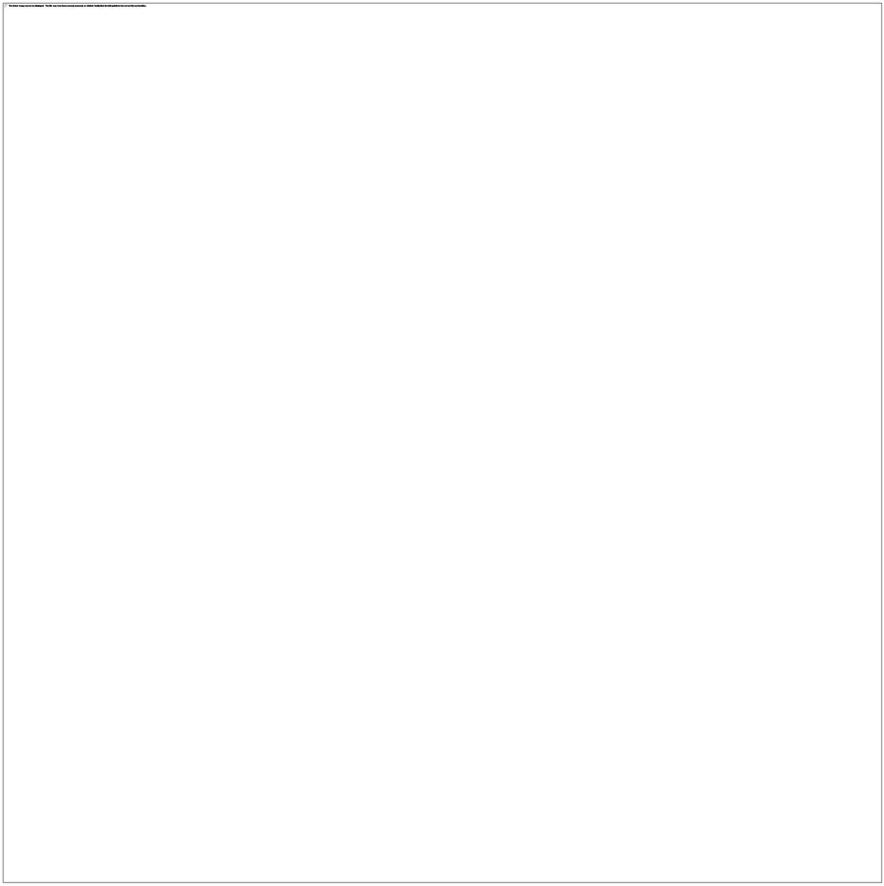
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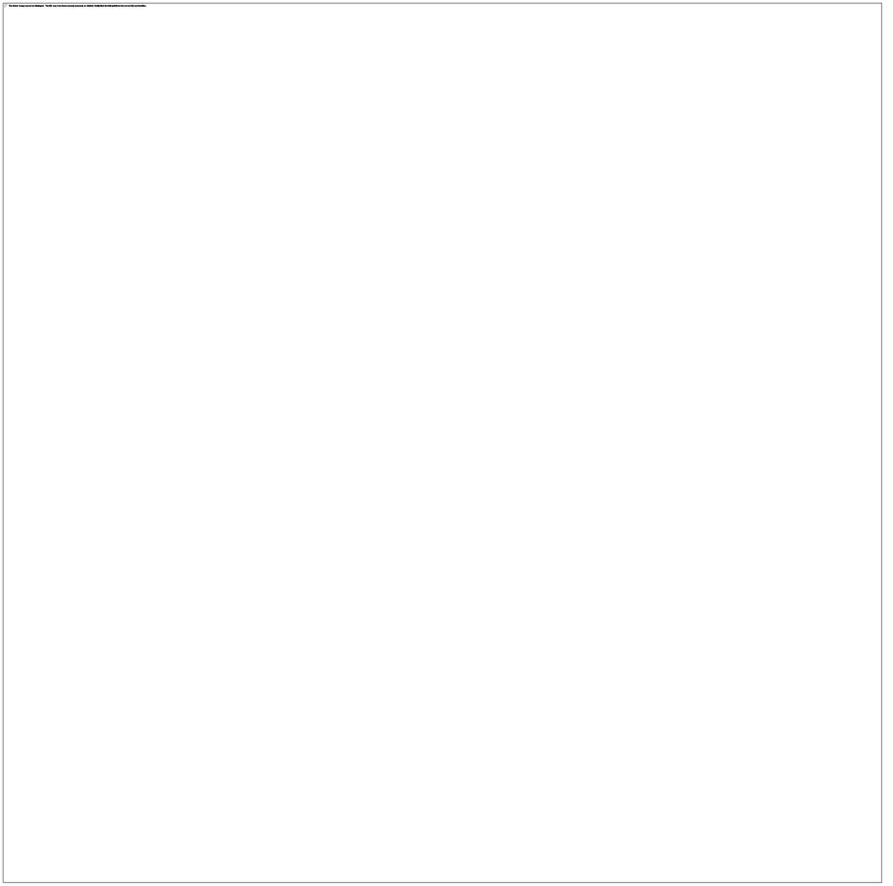
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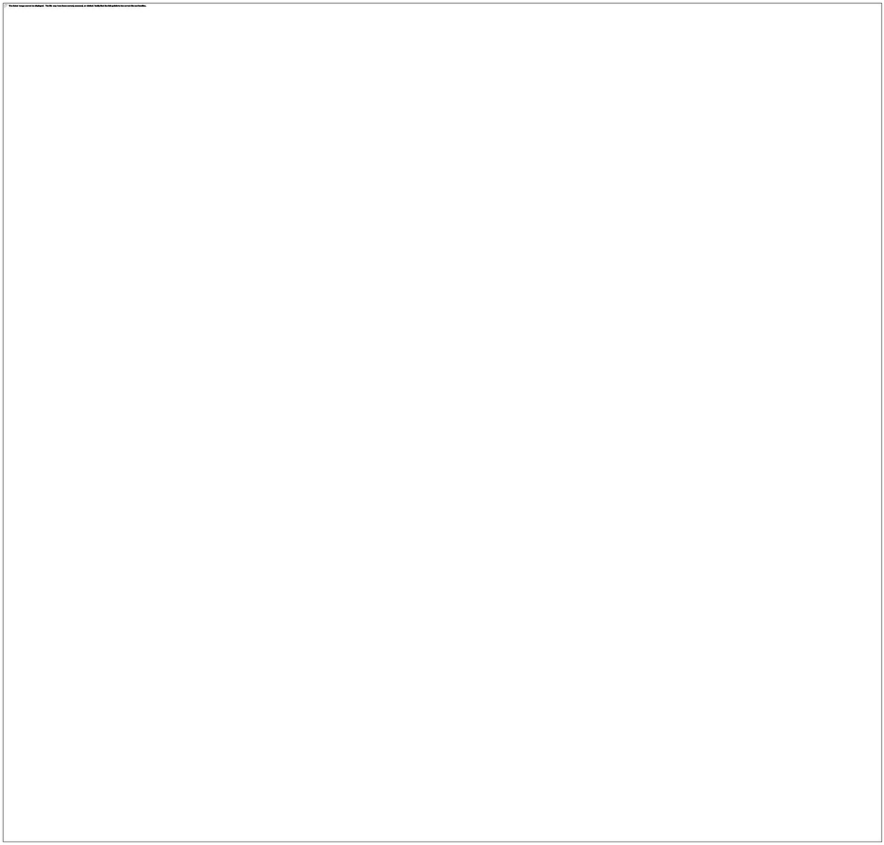

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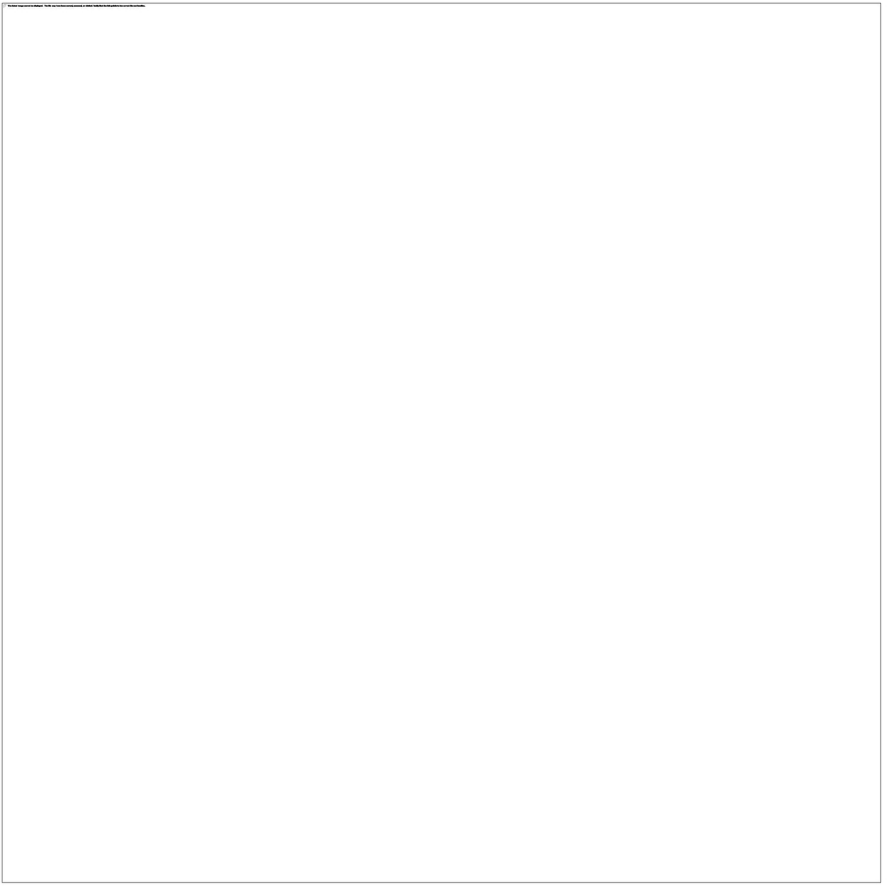
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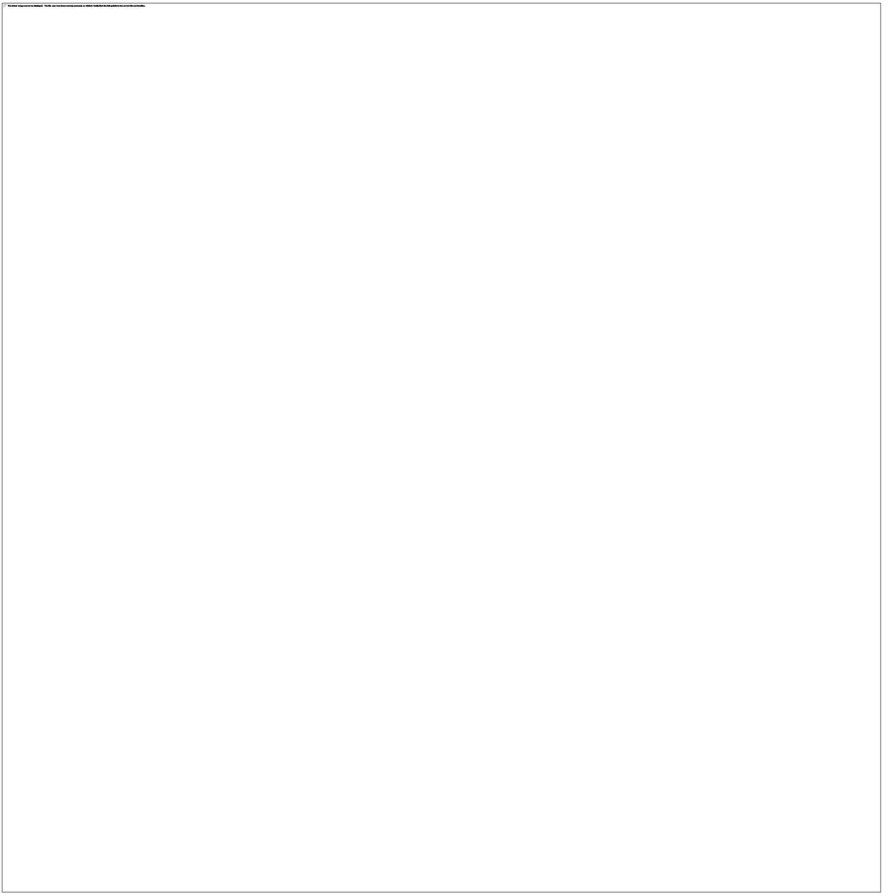

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This 16-Year-Old Boy Knew He Wanted To Be An Artist Since He Was Just 2 Years Old

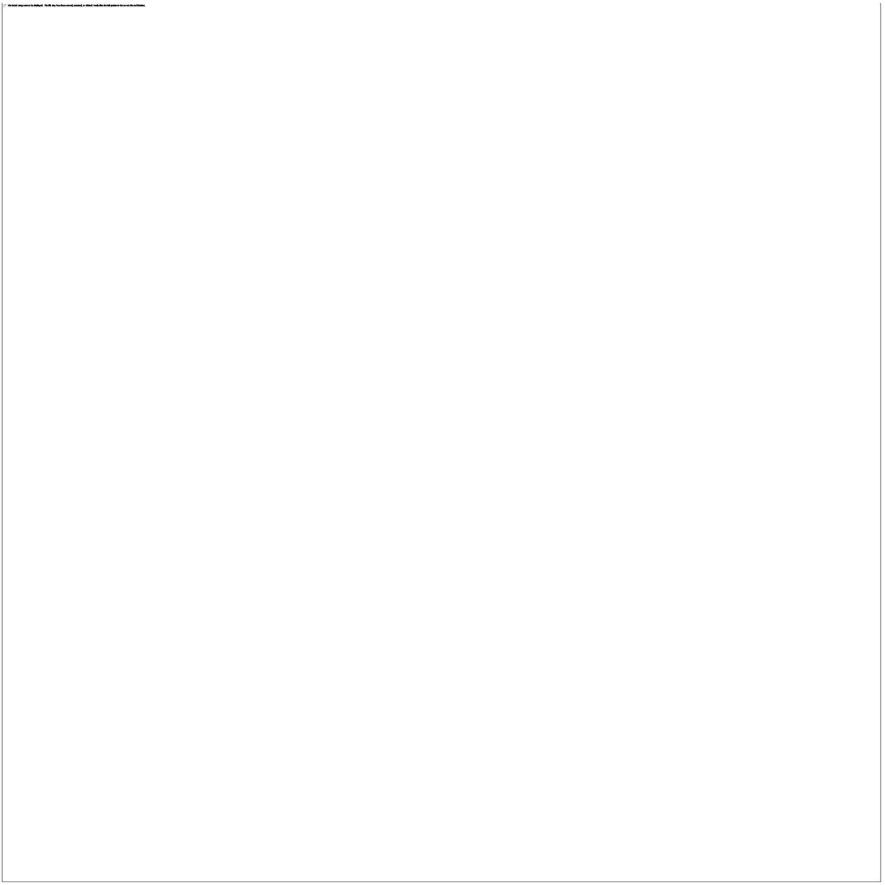
Posted: 06 Mar 2019 07:01 AM PST

Dušan Krtolica is a 16-year-old artist from Serbia who creates intricate pencil drawings of both real and mythical animals. Even though the artist is still young, he has plenty of experience under his belt – more specifically, 14 years of it.

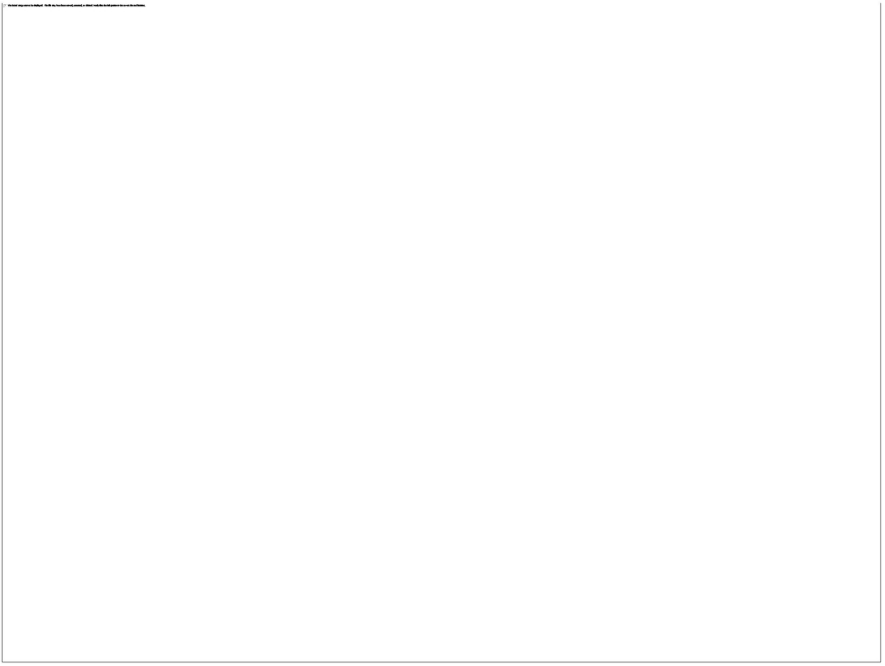
The artist started drawing when he was just 2 years old and says it is his greatest passion. He finds inspiration in nature and is fascinated by animals and their diversity as well as their ability to adapt to different environments. Throughout his career as an artist, Dušan already had 6 solo exhibitions, participated in TV shows and even written and published an encyclopedia of the prehistoric world when he was just thirteen.

More info: Facebook | dusankrtolica.blogspot.com | h/t: Bored Panda

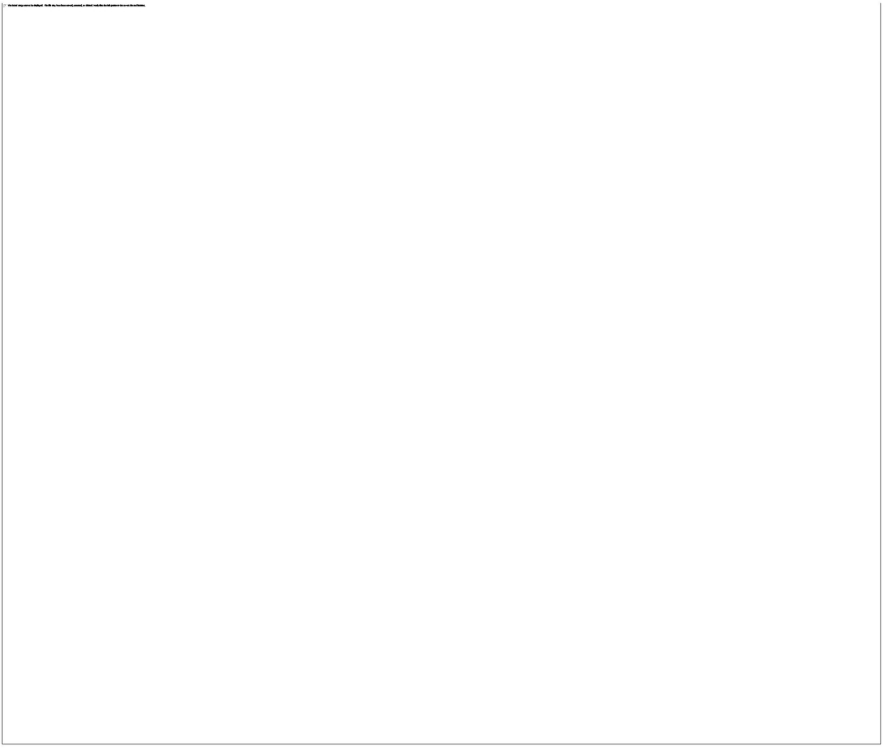
Dušan's parent enrolled him in art school when he was just 4 years old



The artist standing next to his works in 2011, when he was 8 years old

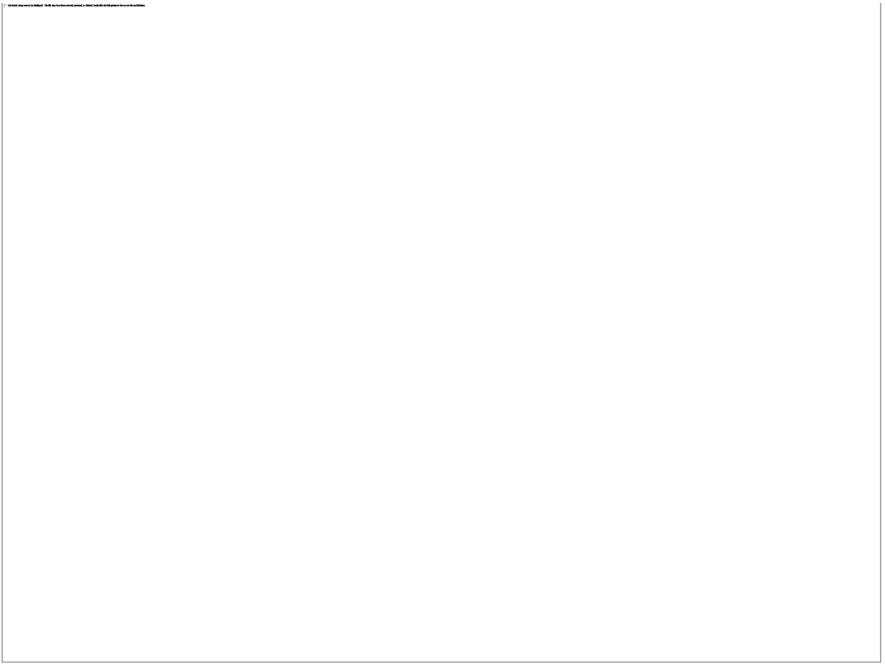


Dušan with his drawing at 9 years old...



...10 years old...

...and 12 years old



“The Labors of Hercules” – a drawing the artist did when he was 13 years old

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Check out more of the young artist's works in the gallery below!

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4. Masterful Horror Makeup By 19-Year-Old Artist
5. For The Last 7 Years, This Artist Has Been Drawing Comics For His Girlfriend Every Day (NSFW)

23 Ordinary Slavic People That Look Just Like Famous Celebrities

Posted: 06 Mar 2019 05:51 AM PST

Slavorum is a Facebook page that documents the culture, history, and events of Slavic culture. This time they collected a series of pictures of ordinary Slavic people and paired them with their celebrity counterparts. We're pretty sure they would make you look twice when walking down the street!

In an interview with Bored Panda, Slavorum said they started as a tourist-focused website but eventually went for the more humorous approach: "We wanted to show our humorous spirit, our culture and our daily struggles we live by all in

a light-hearted and fun way." This new approach attracted people who love this unique culture from all over the world. "The funny thing is that in the end, many foreign people recognize themselves in these Slavic mini-stories, so lately we have people from all over the world being our becoming our biggest fans and observing cultural and other similarities between Slavic and their cultures," said the Facebook page.

Check out their collection of Hollywood celebrities and their Slavic doppelgangers in the gallery below!

More info: Website | Facebook | h/t: Bored Panda

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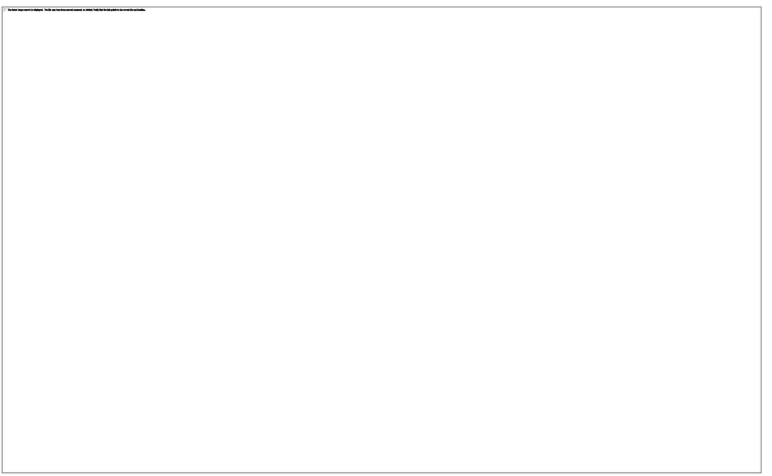

Image source: slavorum.org

#2 Anthony Hopkins???

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#3 Cara Delevingne?

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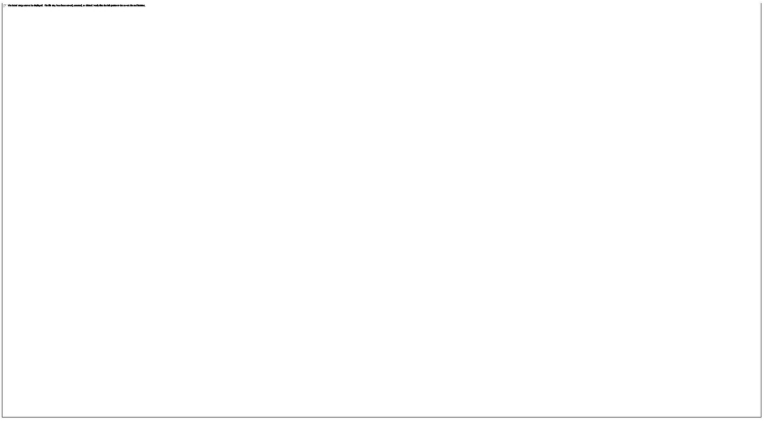
#4 Dr. Gregory House



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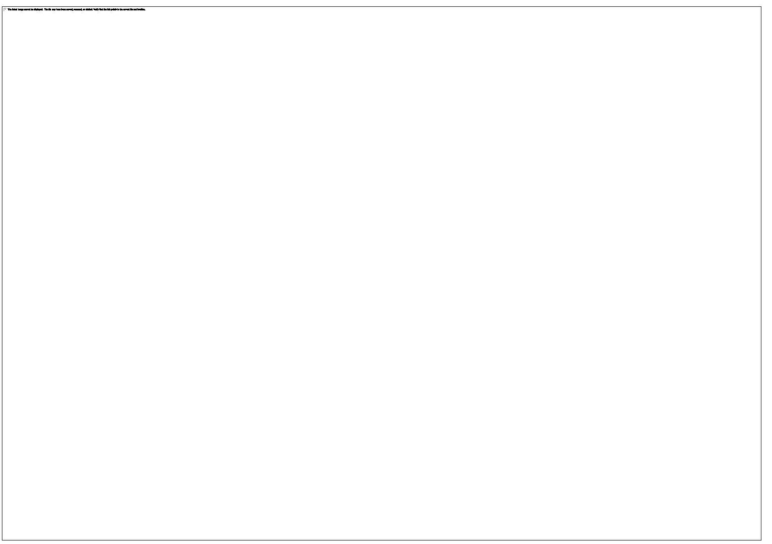
#5 Bruce Willis



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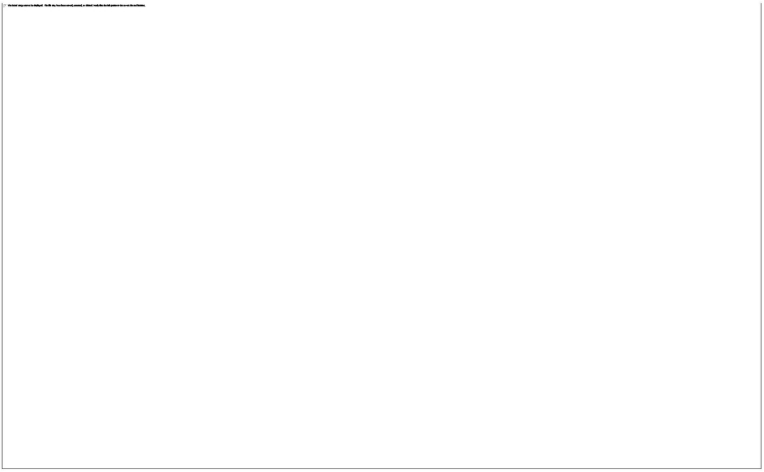
#6 Donald Trump???



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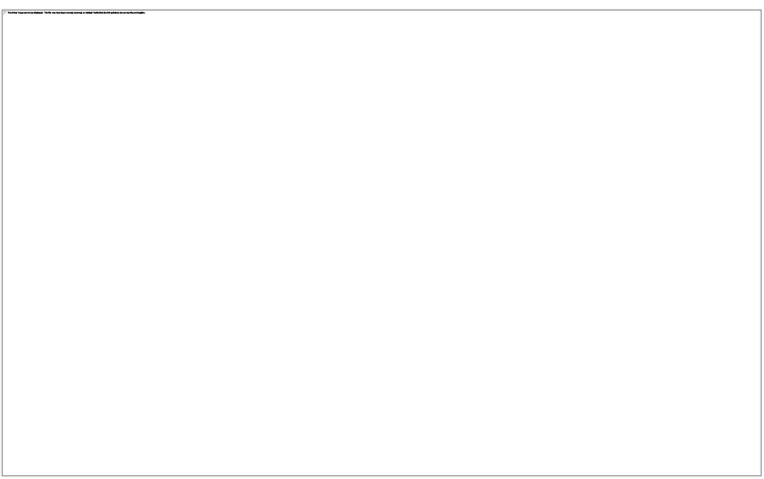
#7 Ron Weasley?



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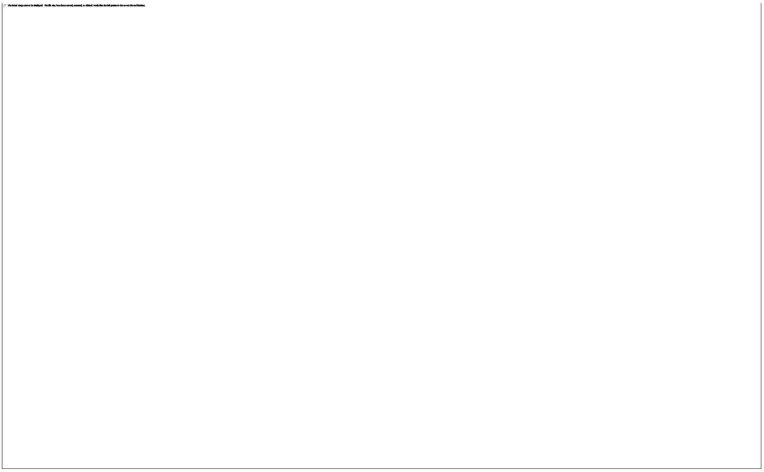
#8 Megan Fox Or Just A Girl From The Street?



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#9 Emilia Clark?

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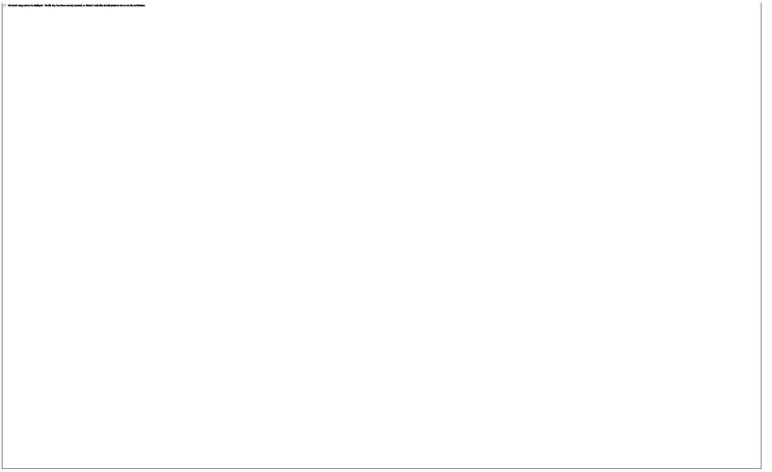
#10 Julia Stiles? Error!



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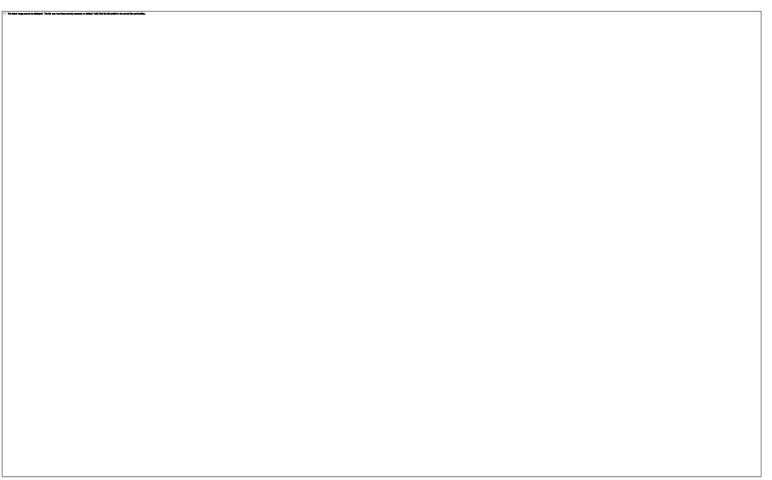
#11 This Is The Cosplay Of Xenia Shelkovskaya, But One Person, Right?d



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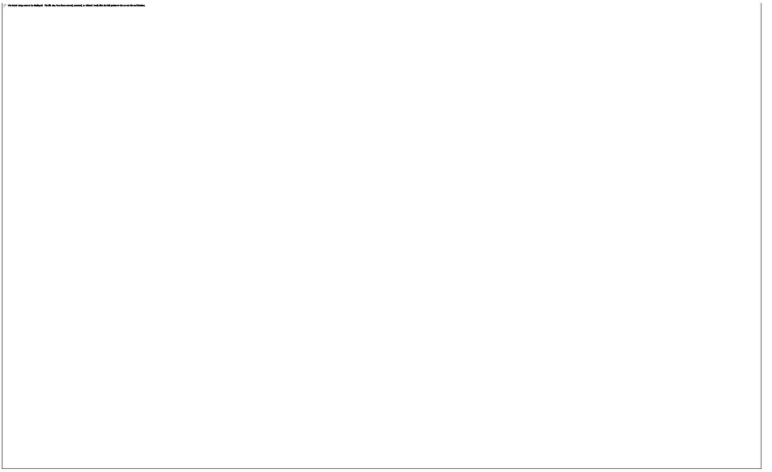
#12 Hello Harry Potter



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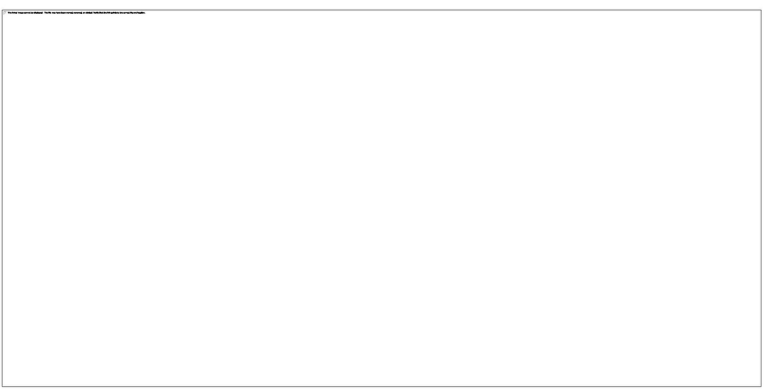

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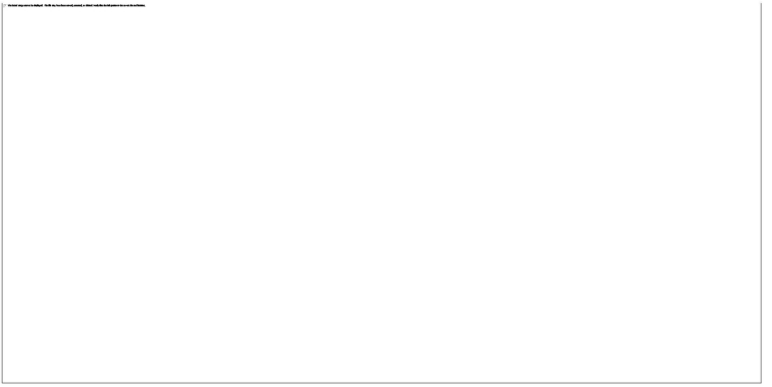
#14 Amy Winehouse? Nope!



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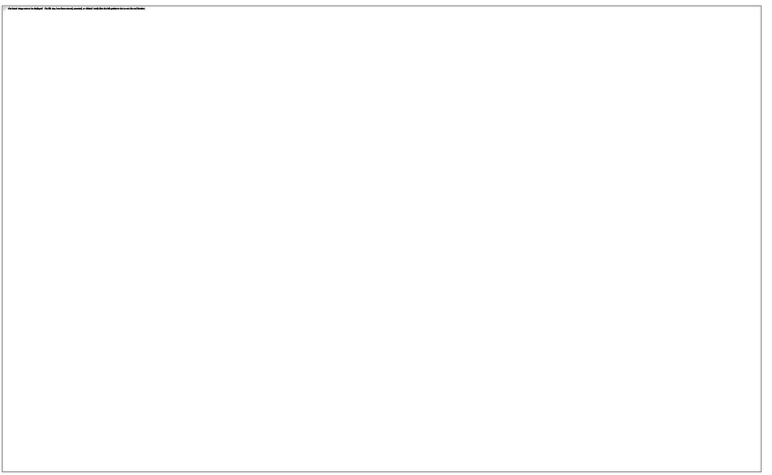
#15 Sasha, Is That You?



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#16 Transporter

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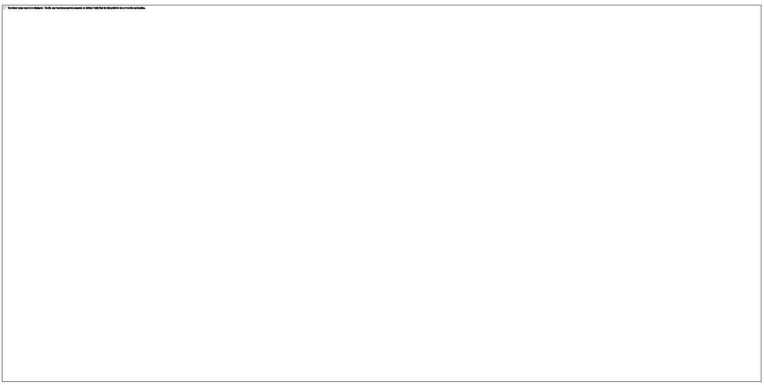
#17 Justin Bieber Or Just A Guy?



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#18 John Snow Or Not?

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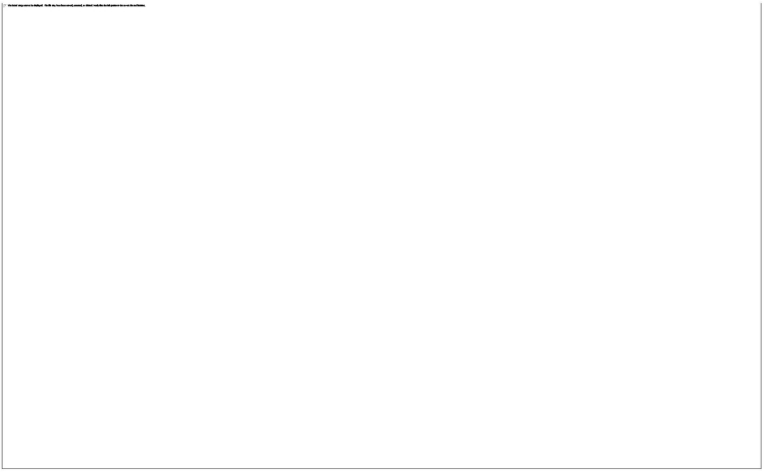
#19 Leonardo???? ?



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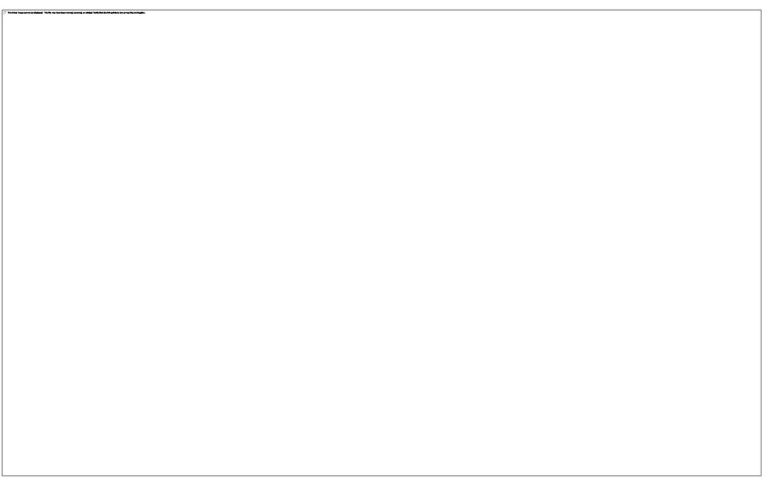
#20 Nicole Kidman Or Not?



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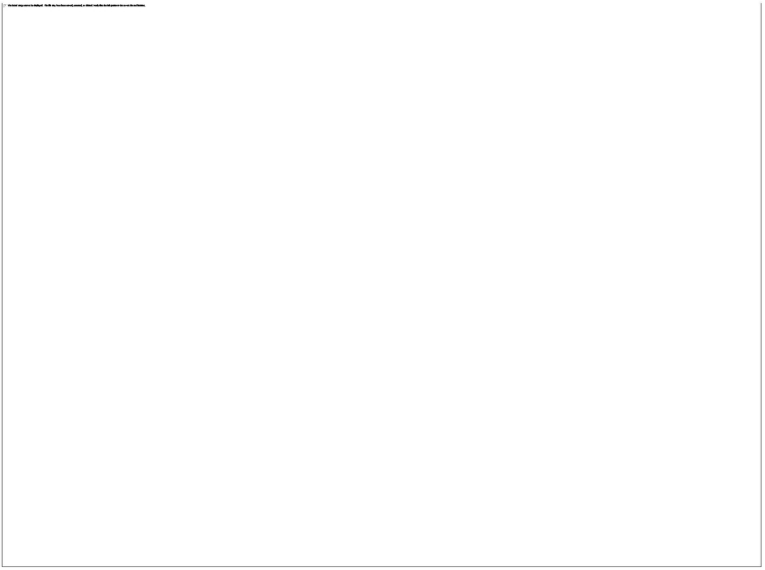
#21 Severus Snape



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#22 And Another One

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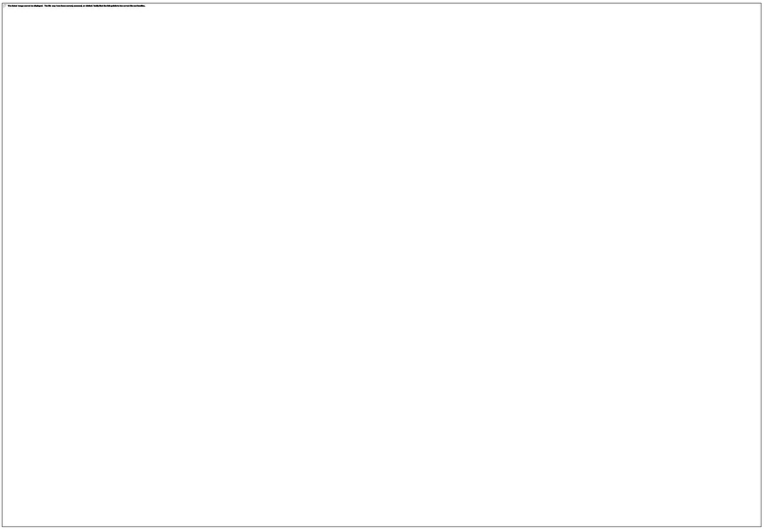
#23 Is This Emilia Clark Or Not?



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From: Steve Bannon [[redacted]]
Sent: 5/13/2018 11:02:26 AM
To: jeffrey E. [jeevacation@gmail.com]
Subject: Fw: WSJ

Importance: High

Sent via BlackBerry by AT&T

From: Alexandra Preate <[redacted]>
Date: Sat, 12 May 2018 08:23:58 -0400
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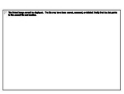

OPINION
The Concept of Rights Went With Responsibilities

- POTOMAC WATCH

About That FBI 'Source'

Did the bureau engage in outright spying against the 2016 Trump campaign?

House Intelligence Committee Chairman Devin Nunes at the Conservative Political Action Conference, Feb. 24 at National Harbor, Md. PHOTO: JOSHUA ROBERTS/REUTERS

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By

Kimberley A. Strassel
May 10, 2018 6:50 p.m. ET

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• • The Department of Justice lost its latest battle with Congress Thursday when it agreed to brief House Intelligence Committee members about a top-secret intelligence source that was part of the FBI's investigation of the Trump campaign. Even without official confirmation of that source's name, the news so far holds some stunning implications.

Among them is that the Justice Department and Federal Bureau of Investigation outright hid critical information from a congressional investigation. In a Thursday press conference, Speaker Paul Ryan bluntly noted that Intelligence Chairman Devin Nunes's request for details on this secret source was "wholly appropriate," "completely within the scope" of the committee's long-running FBI investigation, and "something that probably should have been answered a while ago." Translation: The department knew full well it should have turned this material over to congressional investigators last year, but instead deliberately concealed it.

House investigators nonetheless sniffed out a name, and Mr. Nunes in recent weeks issued a letter and a subpoena demanding more details. Deputy Attorney General Rod Rosenstein's response was to double down—accusing the House of "extortion" and delivering a speech in which he claimed that "declining to open the FBI's files to review" is a constitutional "duty." Justice asked the White House to back its stonewall. And it even began spinning that daddy of all superspook arguments—that revealing any detail about this particular asset could result in "loss of human lives."

This is desperation, and it strongly suggests that whatever is in these files is going to prove very uncomfortable to the FBI.

The bureau already has some explaining to do. Thanks to the Washington Post's unnamed law-enforcement leakers, we know Mr. Nunes's request deals with a "top secret intelligence source" of the FBI and CIA, who is a U.S. citizen and who was involved in the Russia collusion probe. When government agencies refer to sources, they mean people who appear to be average citizens but use their profession or contacts to spy for

the agency. Ergo, we might take this to mean that the FBI secretly had a person on the payroll who used his or her non-FBI credentials to interact in some capacity with the Trump campaign.

This would amount to spying, and it is hugely disconcerting. It would also be a major escalation from the electronic surveillance we already knew about, which was bad enough. Obama political appointees rampantly "unmasked" Trump campaign officials to monitor their conversations, while the FBI played dirty with its surveillance warrant against Carter Page, failing to tell the Foreign Intelligence Surveillance Court that its supporting information came from the Hillary Clinton campaign. Now we find it may have also been rolling out human intelligence, John Le Carré style, to infiltrate the Trump campaign.

Which would lead to another big question for the FBI: When? The bureau has been doggedly sticking with its story that a tip in July 2016 about the drunken ramblings of George Papadopoulos launched its counterintelligence probe. Still, the players in this affair—the FBI, former Director Jim Comey, the Steele dossier authors—have been suspiciously vague on the key moments leading up to that launch date. When precisely was the Steele dossier delivered to the FBI? When precisely did the Papadopoulos information come in?

And to the point, when precisely was this human source operating? Because if it was prior to that infamous Papadopoulos tip, then the FBI isn't being straight. It would mean the bureau was spying on the Trump campaign prior to that moment. And that in turn would mean that the FBI had been spurred to act on the basis of something other than a junior campaign aide's loose lips.

We also know that among the Justice Department's stated reasons for not complying with the Nunes subpoena was its worry that to do so might damage international relationships. This suggests the "source" may be overseas, have ties to foreign intelligence, or both. That's notable, given the highly suspicious role foreigners have played in this escapade. It was an Australian diplomat who reported the Papadopoulos conversation. Dossier author Christopher Steele is British, used to work for MI6, and retains ties to that spy agency as well as to a network of former spooks. It was a former British diplomat who tipped off Sen. John McCain to the dossier. How this "top secret" source fits into this puzzle could matter deeply.

I believe I know the name of the informant, but my intelligence sources did not provide it to me and refuse to confirm it. It would therefore be irresponsible to publish it. But what is clear is that we've barely scratched the surface of the FBI's 2016 behavior, and the country will never get the straight story until President Trump moves to declassify everything possible. It's time to rip off the Band-Aid.

Correction

The FBI briefed House Intelligence Committee members about a top-secret intelligence source but did not allow them to see documents. An earlier version of this article misstated this.

Alexandra V. Preate
Chief Executive Officer
CapitalHQ
[redacted]

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From: Jay Lefkowitz [redacted]
Sent: 3/7/2011 7:11:08 PM
To: Jeffrey Epstein [jeevacation@gmail.com]; Darren [redacted]; Martin Weinberg [redacted]
Subject: Fw:

Importance: High

----- Original Message -----
From: "Wolfe, Alexandra" [redacted]
Sent: 03/07/2011 02:04 PM EST
To: Jay Lefkowitz
Subject: RE:

Dear Mr. Lefkowitz,

Here are the questions I'd like to ask Jeffrey Epstein. Would he be available to answer any of these on the phone or by email? People have told me some of his thoughts on background but I wanted to see if he could tell me or email me anything directly I could use on the record. Also I'd like to run the information I already have by you or him.

Thank you,
Alexandra

-What is he chiefly focusing on now? Is he spending more time on The Jeffrey Epstein Science Foundation? Could he talk about his interest in science and the 2011 grants/conference?
-How has his business been affected? Is there any new direction he's taking it? Does he still have the same clients or new ones? Is it still at $15 billion?
-Did he still work while in prison? How was that arranged? With whom was he working/advising?
-Where is he spending his time now? How has his social life changed from three years ago?
-Is he still close with Ghislaine Maxwell?
-What were friends/colleagues/acquaintances reactions to his conviction?
-What does he think about the sentence he got- was it too lenient or too harsh and why?
-What is his side of the story and have people been supportive?
-Is he continuing the charity initiatives he started with Bill Clinton, etc?

-----Original Message-----
From: Jay Lefkowitz [redacted]
Sent: Mon 3/7/2011 12:18 PM
To: Wolfe, Alexandra
Subject:

Dear Ms. Wolfe,

I understand you have some questions about my client, Jeffrey Epstein. Given that much of the press coverage surrounding Mr. Epstein has been inaccurate and in some instances, defamatory, I would like to suggest that you send me any facutal questions so that I can provide you with accurate responses.

I am also available to speak with you. My number is [redacted]

Thank you,

Jay

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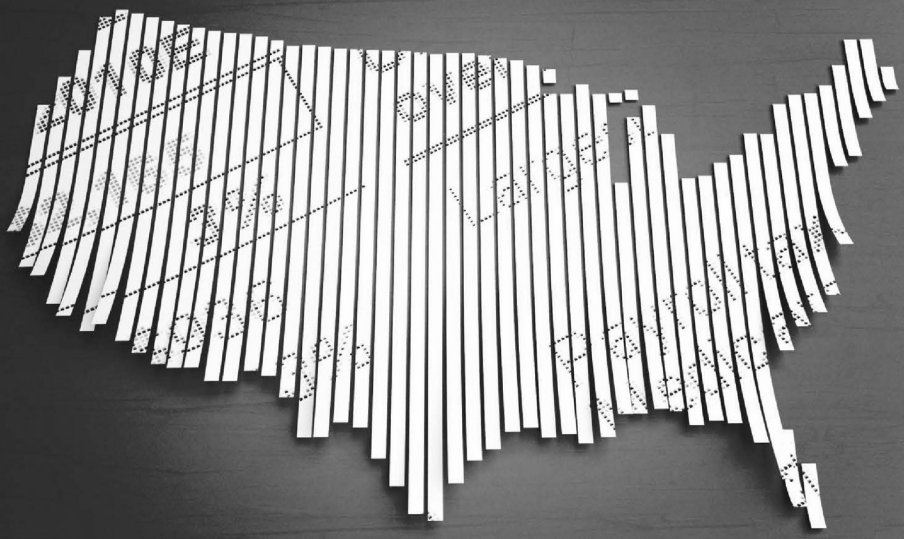

USA Inc.

A Basic Summary of America's Financial Statements

February 2011

About USA Inc.

Created and Compiled by Mary Meeker

February 2011

This report looks at the federal government as if it were a business, with the goal of informing the debate about our nation's financial situation and outlook. In it, we examine USA Inc.'s income statement and balance sheet. We aim to interpret the underlying data and facts and illustrate patterns and trends in easy-to-understand ways. We analyze the drivers of federal revenue and the history of expense growth, and we examine basic scenarios for how America might move toward positive cash flow.

Thanks go out to Liang Wu and Fred Miller and former Morgan Stanley colleagues whose contributions to this report were invaluable. In addition, Richard Ravitch, Emil Henry, Laura Tyson, Al Gore, Meg Whitman, John Cogan, Peter Orszag and Chris Liddell provided inspiration and insights as the report developed. It includes a 2-page foreword; a 12-page text summary; and 460 PowerPoint slides containing data-rich observations. There's a lot of material – think of it as a book that happens to be a slide presentation.

We hope the slides in particular provide relevant context for the debate about America's financials. To kick-start the dialogue, we are making the entire slide portion of the report available as a single work for non-commercial distribution (but not for excerpting, or modifying or creating derivatives) under the Creative Commons license. The spirit of connectivity and sharing has become the essence of the Internet, and we encourage interested parties to use the slides to advance the discussion of America's financial present and future. If you would like to add your own data-driven observations, contribute your insights, improve or clarify ours, please contact us to request permission and provide your suggestions. This document is only a starting point for discussion; the information in it will benefit greatly from your thoughtful input.

This report is available online and on iPad at www.kpcb.com/usainc

In addition, print copies are available at www.amazon.com

HOUSE_OVERSIGHT_020825

Foreword

George P. Shultz, Paul Volcker, Michael Bloomberg, Richard Ravitch and John Doerr

February 2011

Our country is in deep financial trouble. Federal, state and local governments are deep in debt yet continue to spend beyond their means, seemingly unable to stop. Our current path is simply unsustainable. What to do?

A lot of people have offered suggestions and proposed solutions. Few follow the four key guideposts to success that we see for setting our country back on the right path:

1) create a deep and widely held perception of the reality of the problem and the stakes involved;

2) reassure citizens that there are practical solutions;

3) develop support in key constituencies; and

4) determine the right timing to deliver the solutions.

USA Inc. uses each of these guideposts, and more; it is full of ideas that can help us build a better future for our children and our country.

First, Mary Meeker and her co-contributors describe America's problems in an imaginative way that should allow anyone to grasp them both intellectually and emotionally. By imagining the federal government as a company, they provide a simple framework for understanding our current situation. They show how deficits are piling up on our income statement as spending outstrips income and how our liabilities far exceed nominal assets on our balance sheet. *USA Inc.* also considers additional assets – hard to value physical assets and our intangible wealth – our creativity and energy and our tradition of an open, competitive society.

Additionally, the report considers important trends, pointing specifically to an intolerable failure to educate many in the K-12 grades, despite our knowledge of how to do so. And all these important emotional arguments help drive a gut reaction to add to data provided to reinforce the intellectual reasons we already have.

Second, *USA Inc.* provides a productive way to think about solving our challenges. Once we have created an emotional and intellectual connection to the problem, we want people to act and drive the solution, not to throw up their hands in frustration. The authors' ingenious indirect approach is to ask what a turnaround expert would do and what questions he or she would ask. The report describes how we first stumbled into this mess, by failing to predict the magnitude of program costs, by creating perverse incentives for excessive behavior, and by missing important trends. By pointing to the impact of individual responsibility, *USA Inc.* gives us reason to believe that a practical solution exists and can be realized.

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Third, the report highlights how powerful bipartisan constituencies have emerged in the past to tackle great issues for the betterment of our nation, including tax reform, civil liberties, healthcare, education and national defense. Just as presidents of both parties rose to the occasion to preside over the difficult process of containment during the half-century cold war, we know we can still find leaders who are willing to step up and overcome political or philosophical differences for a good cause, even in these difficult times.

Finally, the report makes an important contribution to the question of timing. Momentum will follow once the process begins to gain support, and *USA Inc.* should help by stimulating broad recognition and understanding of the challenges, by providing ways to think about solutions, and by helping constituencies of action to emerge. As the old saying goes, "If not now, when? If not us, who?"

With this pioneering report, we have a refreshing, business-minded approach to understanding and addressing our nation's future. Read on…you may be surprised by how much you learn. We hope you will be motivated to help solve the problem!

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Summary

Imagine for a moment that the United States government is a public corporation. Imagine that its management structure, fiscal performance, and budget are all up for review. Now imagine that you're a shareholder in USA Inc. How do you feel about your investment?

Because 45% of us own shares in publicly traded companies, nearly half the country expects quarterly updates on our investments. But although **100%** of us are stakeholders in the United States, very few of us look closely at Washington's financials. If we were long-term investors, how would we evaluate the federal government's business model, strategic plans, and operating efficiency? How would we react to its earnings reports? Nearly two-thirds of all American households pay federal income taxes, but very few of us take the time to dig into the numbers of the entity that, on average, collects 13% of our annual gross income (not counting another 15-30% for payroll and various state and local taxes).

We believe it's especially important to pay closer attention to one of our most important investments.

As American citizens and taxpayers, we care about the future of our country. As investors, we're in an on-going search for data and insights that will help us make more informed investment decisions. It's easier to predict the future if one has a keen understanding of the past, but we found ourselves struggling to find good information about America's financials. So we decided to assemble – in one place and in a user-friendly format – some of the best data about the world's biggest "business." We also provide some historical context for how USA Inc.'s financial model has evolved over decades. And, as investors, we look at trend lines which help us understand the patterns (and often future directions) of key financial drivers like revenue and expenses.

The complexity of USA Inc.'s challenges is well known, and our presentation is just a starting point; it's far from perfect or complete. But we are convinced that citizens – and investors – should understand the business of their government. Thomas Jefferson and Alexis de Tocqueville knew that – armed with the right information – the enlightened citizenry of America would make the right decisions. It is our humble hope that a transparent financial framework can help inform future debates.

In the conviction that every citizen should understand the finances of USA Inc. and the plans of its "management team," we examine USA Inc.'s income statement and balance sheet and present them in a basic, easy-to-use format. We summarize our thoughts in PowerPoint form and in this brief text summary at www.kpcb.com/usainc. We encourage people to take our data and thoughts and study them, critique them, augment them, share them, and make them better. There's a lot of material – think of it as a book that happens to be a slide presentation.

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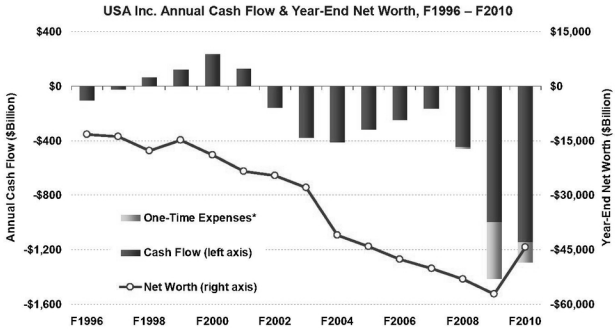
There are two caveats. First, we do not make policy recommendations. We try to help clarify some of the issues in a straightforward, analytical way. We aim to present data, trends, and facts about USA Inc.'s key revenue and expense drivers to provide context for how its financials have reached their present state. Our observations come from publicly available information, and we use the tools of basic financial analysis to interpret it. Forecasts generally come from 3rd-party agencies like the Congressional Budget Office (CBO), the nonpartisan federal agency charged with reviewing the financial impact of legislation. Second, the 'devil is in the details.' For US policy makers, the timing of material changes will be especially difficult, given the current economic environment.

By the standards of any public corporation, USA Inc.'s financials are discouraging.

True, USA Inc. has many fundamental strengths. On an operating basis (excluding Medicare and Medicaid spending and one-time charges), the federal government's profit & loss statement is solid, with a 4% median net margin over the last 15 years. But cash flow is deep in the red (by almost $1.3 trillion last year, or -$11,000 per household), and USA Inc.'s net worth is negative and deteriorating. That net worth figure includes the present value of unfunded entitlement liabilities but not hard-to-value assets such as natural resources, the power to tax or mint currency, or what Treasury calls "heritage" or "stewardship assets" like national parks. Nevertheless, the trends are clear, and critical warning signs are evident in nearly every data point we examine.

F2010 Cash Flow = **-$1.3 Trillion**; Net Worth = **-$44 Trillion**
With a Negative Trend Line Over Past 15 Years



*Note: USA federal fiscal year ends in September; Cash flow = total revenue – total spending on a cash basis; net worth includes unfunded future liabilities from Social Security and Medicare on an accrual basis over the next 75 years. *One-time expenses in F2008 include $14B payments to Freddie Mac; F2009 includes $279B net TARP payouts, $97B payment to Fannie Mae & Freddie Mac and $40B stimulus spending on discretionary items; F2010E includes $26B net TARP income, $137B stimulus spending and $41B payment to Fannie Mae & Freddie Mac. F2010 net worth improved dramatically owing to revised actuarial estimates for Medicare program resulted from the Healthcare reform legislation. For more definitions, see next slide. Source: cash flow per White House Office of Management and Budget; net worth per Dept. of Treasury, "2010 Financial Report of the U.S. Government."*

KPCB www.kpcb.com USA Inc. | Summary

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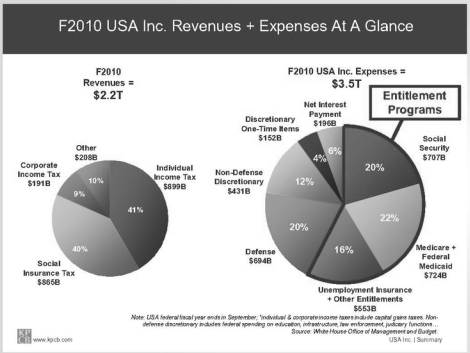
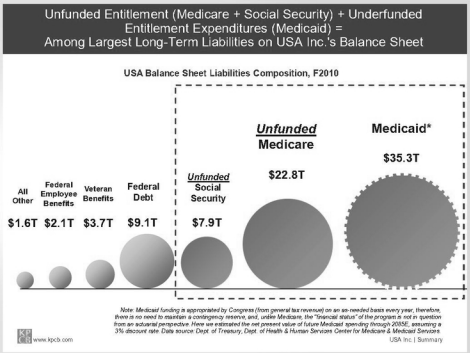
Underfunded entitlements are among the most severe financial burdens USA Inc. faces. And because some of the most underfunded programs are intended to help the nation's poorest, the electorate must understand the full dimensions of the challenges.





Some consider defense outlays – which have nearly doubled in the last decade, to 5% of GDP – a principal cause of USA Inc.'s financial dilemma. But defense spending is still below its 7% share of GDP from 1948 to 2000; it accounted for 20% of the budget in 2010, compared with 41% of all government spending between 1789 and 1930. The principal challenges lie elsewhere. Since the Great Depression, USA Inc. has steadily added "business lines" and, with the best of intentions, created various entitlement programs. They serve many of the nation's poorest, whose struggles have been made worse by the recent financial crisis. Apart from Social Security and unemployment insurance, however, funding for these programs has been woefully inadequate – and getting worse.

Entitlement expenses amount to $16,000 per household per year, and entitlement spending far outstrips funding, by more than $1 trillion (or $9,000 per household) in 2010. More than 35% of the US population receives entitlement dollars or is on the government payroll, up from ~20% in 1966. Given the high correlation of rising entitlement income with declining savings, do Americans feel less compelled to save if they depend on the government for their future savings? It is interesting to note that in China the household savings rate is ~36%, per our estimates based on CEIC data, in part due to a higher degree of self-reliance – and far fewer established pension plans. In the USA, the personal savings rate (defined as savings as percent of disposable income) was 6% in 2010 and only 3% from 2000 to 2008.

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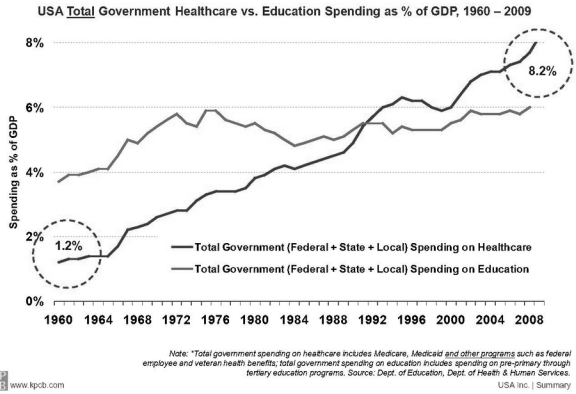
Millions of Americans have come to rely on Medicare and Medicaid – and spending has skyrocketed, to 21% of USA Inc.'s total expenses (or $724B) in F2010, up from 5% forty years ago.

Together, Medicaid and Medicare – the programs providing health insurance to low-income households and the elderly, respectively – now account for 35% of total healthcare spending in the USA. Since their creation in 1965, both programs have expanded markedly. Medicaid now serves 16% of all Americans, compared with 2% at its inception; Medicare now serves 15% of the population, up from 10% in 1966. As more Americans receive benefits and as healthcare costs continue to outstrip GDP growth, total spending for the two entitlement programs is accelerating. Over the last decade alone, Medicaid spending has doubled in real terms, with total program costs running at $273 billion in F2010. Over the last 43 years, real Medicare spending per beneficiary has risen 25 times, driving program costs well (10x) above original projections. In fact, Medicare spending exceeded related revenues by $272 billion last year.

Amid the rancor about government's role in healthcare spending, one fact is undeniable: government spending on healthcare now consumes 8.2% of GDP, compared with just 1.3% fifty years ago.

Total Government* Healthcare Spending Increases are Staggering – Up **7x** as % of GDP Over Five Decades vs. Education Spending Only Up **0.6x**



*Note: *Total government spending on healthcare includes Medicare, Medicaid and other programs such as federal employee and veteran health benefits; total government spending on education includes spending on pre-primary through tertiary education programs. Source: Dept. of Education, Dept. of Health & Human Services.*

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The overall healthcare funding mix in the US is skewed toward private health insurance due to the predominance of employer-sponsored funding (which covers 157MM working Americans and their families, or 58% of the total population in 2008 vs. 64% in 1999). This mixed private-public funding scheme has resulted in implicit cross-subsidies, whereby healthcare providers push

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costs onto the private market to help subsidize lower payments from public programs. This tends to help drive a cycle of higher private market costs causing higher insurance premiums, leading to the slow erosion of private market coverage and a greater enrollment burden for government programs.

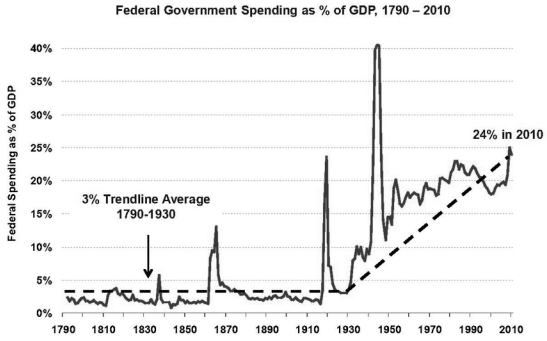
The Patient Protection and Affordable Care Act, enacted in early 2010, includes the biggest changes to healthcare since 1965 and will eventually expand health insurance coverage by ~10%, to 32 million new lives. Increased access likely means higher spending if healthcare costs continue to grow 2 percentage points faster than per capita income (as they have over the past 40 years). The CBO sees a potential $143B reduction in the deficit over the next 10 years, but this assumes that growth in Medicare costs will slow – an assumption the CBO admits is highly uncertain.

Unemployment Insurance and Social Security are adequately funded...for now. Their future, unfortunately, isn't so clear.

Unemployment Insurance is cyclical and, apart from the 2007-09 recession, generally operates with a surplus. Payroll taxes kept Social Security mainly at break-even until 1975-81 when expenses began to exceed revenue. Reforms that cut average benefits by 5%, raised tax rates by 2.3%, and increased the full retirement age by 3% (to 67) restored the system's stability for the next 25 years, but the demographic outlook is poor for its pay-as-you-go funding structure. In 1950, 100 workers supported six beneficiaries; today, 100 workers support 33 beneficiaries. Since Social Security began in 1935, American life expectancy has risen 26% (to 78), but the "retirement age" for full benefits has increased only 3%.

Regardless of the emotional debate about entitlements, fiscal reality can't be ignored – if these programs aren't reformed, one way or another, USA Inc.'s balance sheet will go from bad to worse.

Federal Government Spending Had Risen to 24% of GDP in 2010, Up From an Average of 3% From 1790 to 1930



Source: Federal spending per Series Y 457-465 in "Historical Statistics of the United States, Colonial Times to 1970, Part II" and per White House OMB. GDP prior to 1930 per Louis Johnston and Samuel H. Williamson, "What Was the U.S. GDP Then?" MeasuringWorth, 2010. GDP post 1930 per White House OMB. Neither federal spending nor GDP data are adjusted for inflation.

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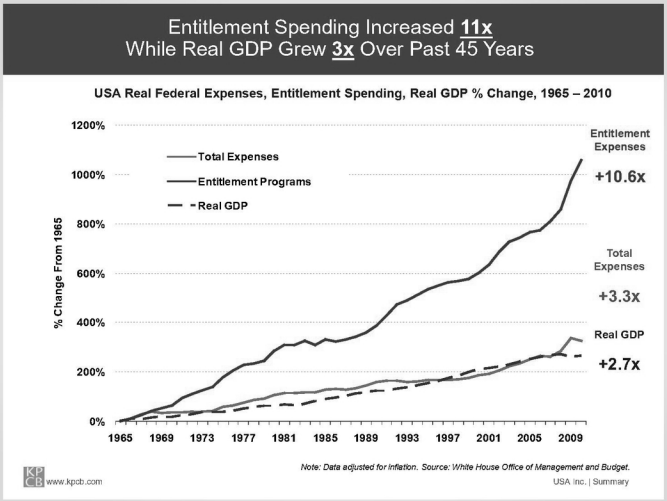

Take a step back, and imagine what the founding fathers would think if they saw how our country's finances have changed. From 1790 to 1930, government spending on average accounted for just 3% of American GDP. Today, government spending absorbs closer to 24% of GDP.

It's likely that they would be even more surprised by the debt we have taken on to pay for this expansion. As a percentage of GDP, the federal government's public debt has doubled over the last 30 years, to 53% of GDP. This figure does not include claims on future resources from underfunded entitlements and potential liabilities from Fannie Mae and Freddie Mac, the Government Sponsored Enterprises (GSEs). If it did include these claims, gross federal debt accounted for 94% of GDP in 2010. The public debt to GDP ratio is likely to triple to 146% over the next 20 years, per CBO. The main reason is entitlement expense. Since 1970, these costs have grown 5.5 times faster than GDP, while revenues have lagged, especially corporate tax revenues. By 2037, cumulative deficits from Social Security could add another $11.6 trillion to the public debt.

The problem gets worse. Even as USA Inc.'s debt has been rising for decades, plunging interest rates have kept the cost of supporting it relatively steady. Last year's interest bill would have been 155% (or $290 billion) higher if rates had been at their 30-year average of 6% (vs. 2% in 2010). As debt levels rise and interest rates normalize, net interest payments could grow 20% or more annually. Below-average debt maturities in recent years have also kept the Treasury's borrowing costs down, but this trend, too, will drive up interest payments once interest rates rise.

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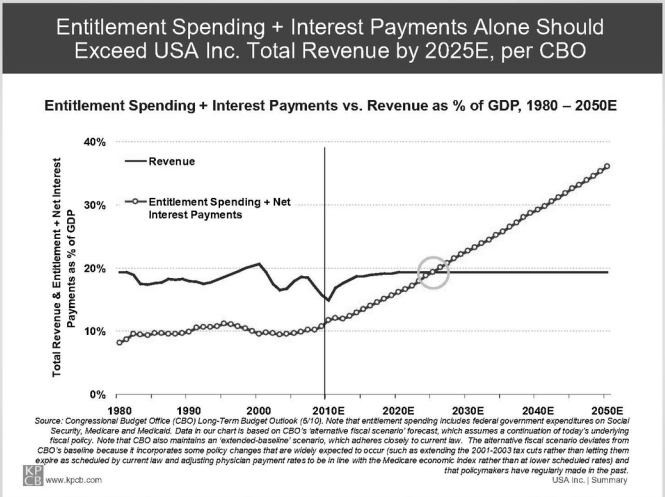
Can we afford to wait until the turning point comes? By 2025, entitlements plus net interest payments will absorb all – yes, all – of USA Inc.'s revenue, per CBO.



Less than 15 years from now, in other words, USA Inc. – based on current forecasts for revenue and expenses - would have nothing left over to spend on defense, education, infrastructure, and R&D, which today account for only 32% of USA Inc. spending, down from 69% forty years ago. This critical juncture is getting ever closer. Just ten years ago, the CBO thought federal revenue would support entitlement spending and interest payments until 2060 – 35 years beyond its current projection. This dramatic forecast change over the past ten years helps illustrate, in our view, how important it is to focus on the here-and-now trend lines and take actions based on those trends.

How would a turnaround expert determine 'normal' revenue and expenses?

The first step would be to examine the main drivers of revenue and expenses. It's not a pretty picture. While revenue – mainly taxes on individual and corporate income – is highly correlated (83%) with GDP growth, expenses – mostly entitlement spending – are less correlated (73%) with GDP. With that as backdrop, our turnaround expert might try to help management and shareholders (citizens) achieve a long-term balance by determining "normal" levels of revenue and expenses:

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- From 1965 to 2005 (a period chosen to exclude abnormal trends related to the recent recession), annual revenue growth (3%) has been roughly in line with GDP growth, but corporate income taxes have grown 2% a year. Social insurance taxes grew 5% annually and represented 37% of USA Inc. revenue, compared with 19% in 1965. An expert might ask:
  - What level of social insurance or entitlement taxes can USA Inc. support without reducing job creation?
  - Are low corporate income taxes important to global competitive advantage and stimulating growth?
- Entitlement spending has risen 5% a year on average since 1965, well above average annual GDP growth of 3%, and now absorbs 51% of all expenses, more than twice its share in 1965. Defense and non-defense discretionary spending (including infrastructure, education, and law enforcement) is up just 1-2% annually over that period. Questions for shareholders:
  - Do USA Inc.'s operations run at maximum efficiency? Where are the opportunities for cost savings?
  - Should all expense categories be benchmarked against GDP growth? Should some grow faster or slower than GDP? If so, what are the key determinants?
  - Would greater investment in infrastructure, education, and global competitiveness yield more long-term security for the elderly and disadvantaged?

With expenses outstripping revenues by a large (and growing) margin, a turnaround expert would develop an analytical framework for readjusting USA Inc.'s business model and strategic plans. Prudence would dictate that our expert assume below-trend GDP growth and above-trend unemployment, plus rising interest rates – all of which would make the base case operating scenario fairly gloomy.

This analysis can't ignore our dependence on entitlements. Almost one-third of all Americans have grown up in an environment of lean savings and heavy reliance on government healthcare subsidies. It's not just a question of numbers – it's a question of our responsibilities as citizens…and what kind of society we want to be.

Some 90 million Americans (out of a total population of 307 million) have grown accustomed to support from entitlement programs; so, too, have 14 million workers in the healthcare industry who, directly or indirectly, benefit from government subsidies via Medicare and Medicaid. Low personal savings and high unemployment make radical change difficult. Political will can be difficult to summon, especially during election campaigns.

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At the same time, however, these numbers don't lie. With our demographics and our debts, we're on a collision course with the future. The good news: Although time is growing short, we still have the capacity to create positive outcomes.

Even though USA Inc. can print money and raise taxes, USA Inc. cannot sustain its financial imbalance indefinitely – especially as the Baby Boomer generation nears retirement age. Net debt levels are approaching warning levels, and some polls suggest that Americans consider reducing debt a national priority. Change is legally possible. Unlike underfunded pension liabilities that can bankrupt companies, USA Inc.'s underfunded liabilities are not legal contracts. Congress has the authority to change the level and conditions for Social Security and Medicare benefits; the federal government, together with the states, can also alter eligibility and benefit levels for Medicaid.

Options for entitlement reform, operating efficiency, and stronger long-term GDP growth.

As analysts, not public policy experts, we can offer mathematical illustrations as a framework for discussion (not necessarily as actual solutions). We also present policy options from third-party organizations such as the CBO.

Reforming entitlement programs – Social Security.

The underfunding could be addressed through some or all of the following mechanical changes: increasing the full retirement age to as high as 73 (from the current level of 67); and/or reducing average annual social security benefits by up to 12% (from $13,010 to $11,489); and/or increasing the social security tax rate from 12.4% to 14.2%. Options proposed by the CBO include similar measures, as well as adjustments to initial benefits and index levels. Of course, the low personal savings rates of average Americans – 3% of disposable income, compared with a 10% average from 1965 to 1985 – limit flexibility, at least in the early years of any reform.

Reforming entitlement programs – Medicare and Medicaid.

Mathematical illustrations for these programs, the most underfunded, seem draconian: Reducing average Medicare benefits by 53%, to $5,588 per year, or increasing the Medicare tax rate by 3.9 percentage points, to 6.8%, or some combination of these changes would address the underfunding of Medicare. As for Medicaid, the lack of a dedicated funding stream (i.e., a tax similar to the Medicare payroll tax) makes the math even more difficult. But by one measure from the Kaiser Family Foundation, 60% of the Medicaid budget in 2001 was spent on so-called optional recipients (such as mid- to low-income population above poverty level) or on optional services (such as dental services and prescription drug benefits). Reducing or controlling these benefits could help control Medicaid spending – but increase the burden on some poor and disabled groups.

Ultimately, the primary issue facing the US healthcare system is ever-rising costs, historically driven by increases in price and utilization. Beneath sustained medical cost inflation is an entitlement mentality bolted onto a volume-based reimbursement scheme. All else being equal, the outcome is an incentive to spend: Underlying societal, financial, and liability factors combine to fuel an inefficient, expensive healthcare system.

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Improving operating efficiency.

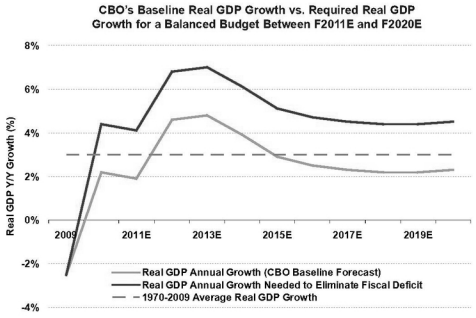
With nearly one government civilian worker (federal, state and local) for every six households, efficiency gains seem possible. A 20-year trend line of declining federal civilian headcount was reversed in the late 1990s.

Resuming that trend would imply a 15% potential headcount reduction over five years and save nearly $300 billion over the next ten years. USA Inc. could also focus intensively on local private company outsourcing, where state and local governments are finding real productivity gains.

Improving long-term GDP growth – productivity and employment.

Fundamentally, federal revenues depend on GDP growth and related tax levies on consumers and businesses. Higher GDP growth won't be easy to achieve as households rebuild savings in the aftermath of a recession. To break even without changing expense levels or tax policies, USA Inc. would need real GDP growth of 6-7% in F2012-14 and 4-5% in F2015-20, according to our estimates based on CBO data – highly unlikely, given 40-year average GDP growth of 3%. While USA Inc. could temporarily increase government spending and investment to make up for lower private demand in the near term, the country needs policies that foster productivity and employment gains for sustainable long-term economic growth.

How Much Would Real GDP Need to Grow to Drive USA Inc. to Break-Even Without Policy Changes? 6-7% in F2012E-F2014E & 4-5% in F2015-F2020E…Well Above 40-Year Average of 3%



Source: CBO, "The Budget and Economic Outlook: Fiscal Years 2010 to 2020," 8/10.

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Productivity gains and increased employment each contributed roughly half of the long-term GDP growth between 1970 and 2009, per the National Bureau of Economic Research. Since the 1960s, as more resources have gone to entitlements and interest payments, USA Inc. has scaled back its investment in technology R&D and infrastructure as percentages of GDP. Competitors are making these investments. India plans to double infrastructure spending as a percent of GDP by 2013, and its tertiary (college) educated population will double over the next ten years, according to Morgan Stanley analysts, enabling its GDP growth to accelerate to 9-10% annually by 2015 (China's annual GDP growth is forecast to remain near 8% by 2015). USA Inc. can't match India's demographic advantage, but technology can help.

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For employment gains, USA Inc. should minimize tax and regulatory uncertainties and encourage businesses to add workers. While hiring and R&D-related tax credits may add to near-term deficits, over time, they should drive job and GDP growth. Immigration reform could also help: A Federal Reserve study in 2010 shows that immigration does not take jobs from U.S.-born workers but boosts productivity and income per worker.

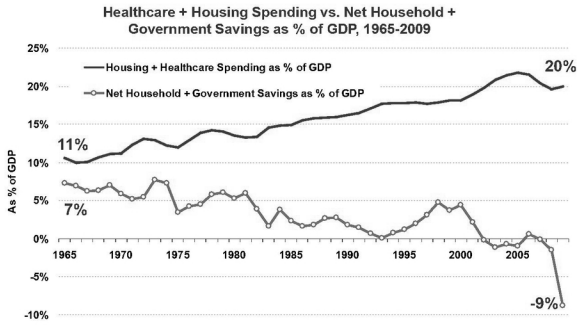
Changing tax policies.

Using another simple mechanical illustration, covering the 2010 budget deficit (excluding one-time charges) by taxes alone would mean doubling individual income tax rates across the board, to roughly 26-30% of gross income, we estimate. Such major tax increases would ultimately be self-defeating if they reduce private income and consumption. However, reducing tax expenditures and subsidies such as mortgage interest deductions would broaden the tax base and net up to $1.7 trillion in additional revenue over the next decade, per CBO. A tax based on consumption - like a value added tax (VAT) - could also redirect the economy toward savings and investment, though there would be drawbacks.

These issues are undoubtedly complex, and difficult decisions must be made. But inaction may be the greatest risk of all. The time to act is now, and our first responsibility as investors in USA Inc. is to understand the task at hand.

Our review finds serious challenges in USA Inc.'s financials. The 'management team' has created incentives to spend on healthcare, housing, and current consumption. At the margin, investing in productive capital, education, and technology – the very tools needed to compete in the global marketplace – has stagnated.

America's Resources Allocated to Housing + Healthcare Nearly Doubled as a Percent of GDP Since 1965, While Household and Government Savings Fell Dramatically



Note: Housing includes purchase, rent and home improvement. Government savings occur when government runs a surplus.
Source: BEA, CMS via Haver Analytics.

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With these trends, USA Inc. will not be immune to the sudden crises that have afflicted others with similar unfunded liabilities, leverage, and productivity trends. The sovereign credit issues in Europe suggest what might lie ahead for USA Inc. shareholders – and our children. In effect, USA Inc. is maxing out its credit card. It has fallen into a pattern of spending more than it earns and is issuing debt at nearly every turn. Common principles for overcoming this kind of burden include the following:

1) *Acknowledge the problem* – some 80% of Americans believe 'dealing with our growing budget deficit and national debt' is a national priority, according to a Peter G. Peterson Foundation survey in 11/09;

2) *Examine past errors* – People need clear descriptions and analysis to understand how the US arrived at its current financial condition – a 'turnaround CEO' would certainly initiate a 'no holds barred' analysis of the purpose, success and operating efficiency of all of USA Inc.'s spending;

3) *Make amends for past errors* – Most Americans today at least acknowledge the problems at personal levels and say they rarely or never spend more than what they can afford (63% according to a 2007 Pew Research study). The average American knows the importance of managing a budget. Perhaps more would be willing to sacrifice for the greater good with an understandable plan to serve the country's long-term best interests;

4) *Develop a new code of behavior* – Policymakers, businesses (including investment firms), and citizens need to share responsibility for past failures and develop a plan for future successes.

Past generations of Americans have responded to major challenges with collective sacrifice and hard work. Will ours also rise to the occasion?

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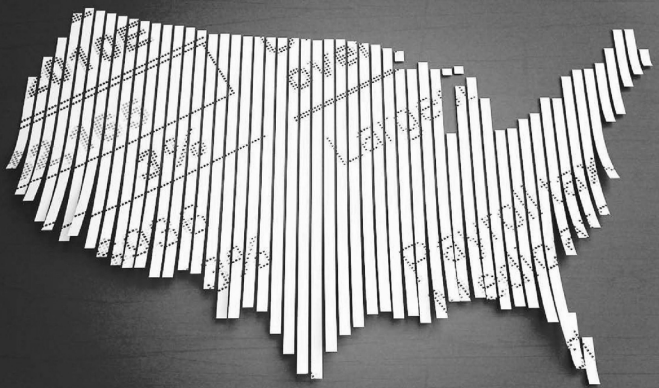

USA Inc.

A Basic Summary of America's Financial Statements

February 2011

USA Inc. – Outline

1	Introduction
2	High-Level Thoughts on Income Statement/Balance Sheet
3	Income Statement Drilldown
4	Balance Sheet Drilldown
5	What Might a Turnaround Expert – Empowered to Improve USA Inc.'s Financials – Consider?
6	Consequences of Inaction
7	Summary
8	Appendix

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Introduction

About This Report

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Presentation Premise

For America to remain the great country it has been for the past 235 years, it must determine the best ways to honor the government's fundamental mission derived from the Constitution:

…to form a more perfect union, establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare and secure the blessings of liberty to ourselves and our posterity.

To this end, government should aim to help create a vibrant environment for economic growth and productive employment. It should manage its operations and programs as effectively and efficiently as possible, improve its financial position by driving the federal government's income statement to long-term break-even, and reduce the unsustainable level of debt on its balance sheet.

USA Inc. Concept

Healthy financials and compelling growth prospects are key to success for businesses (and countries). So if the US federal government – which we call USA Inc. – were a business, how would public shareholders view it? How would long-term investors evaluate the federal government's business model, strategic plans, and operating efficiency? How would analysts react to its earnings reports? Although some 45%[1] of American households own shares in publicly traded companies and receive related quarterly financial statements, not many "stakeholders" look closely at Washington's financials. Nearly two-thirds of all American households[2] pay federal income taxes, but very few take the time to dig into the numbers of the entity that, on average, collects 13%[3] of all Americans' annual gross income (not counting another 15-30% for payroll and various state and local taxes).

We drill down on USA Inc.'s past, present, and (in some cases) future financial dynamics and focus on the country's income statement and balance sheet and related trends. We isolate and review key expense and revenue drivers. On the expense side, we examine the major entitlement programs (Medicare, Medicaid and Social Security) as well as defense and other major discretionary programs. On the revenue side, we focus on GDP growth (driven by labor productivity and employment in the long run) and tax policies.

We present basic numbers-driven scenarios for addressing USA Inc.'s financial challenges. In addition, we lay out the type of basic checklists that corporate turnaround experts might use as starting points when looking at some of USA Inc.'s business model challenges.

Source: 1) 2008 ICI (Investment Company Institute) / SIFMA (Securities Industry and Financial Markets Association) Equity and Bond Owners Survey; 2) Number of tax returns with positive tax liability (91MM) divided by total number of returns filed (142MM), per Tax Foundation calculations based on IRS data; 3) Total federal income taxes (ex. payroll taxes) paid divided by total adjusted gross income, per IRS 2007 data.

Why We Wrote This Report

As American citizens / tax payers, we care about the future of our country. As investors, we search for data and insights to help us make better investment decisions. (It's easier to predict the future with a keen understanding of the past.)

We found ourselves searching for better information about the state of America's financials, and we decided to assemble – in one place and in a user-friendly format – some of the best data about the world's biggest "business." In addition, we have attempted to provide some historical context for how USA Inc.'s financial model has evolved over decades.

The complexity of USA Inc.'s challenges is well known, and our presentation is just a starting point; it's far from perfect or complete. But we are convinced that citizens – and investors – should understand the business of their government. Thomas Jefferson and Alexis de Tocqueville knew that – armed with the right information – the enlightened citizenry of America would make the right decisions. It is our humble hope that a transparent financial framework can help inform future debates.

What You'll Find Here…

In the conviction that every citizen should understand the finances of USA Inc. and the plans of its "management team," we examine USA Inc.'s income statement and balance sheet and present them in a basic, easy-to-use format.

In this document, a broad group of people helped us drill into our federal government's basic financial metrics. We summarize our thoughts in PowerPoint form here and also have provided a brief text summary at www.kpcb.com/usainc.

We encourage people to take our data and thoughts and study them, critique them, augment them, share them, and make them better. There's a lot of material – think of it as a book that happens to be a slide presentation.

…And What You Won't

We do not make policy recommendations. We try to help clarify some of the issues in a simple, analytically-based way. We aim to present data, trends, and facts about USA Inc.'s key revenue and expense drivers to provide context for how its financials have reached their present state.

We did not base this analysis on proprietary data. Our observations come from publicly available information, and we use the tools of basic financial analysis to interpret it. Forecasts generally come from 3rd-party agencies like the Congressional Budget Office (CBO). For US policy makers, the timing of material changes will be especially difficult, given the current economic environment.

No doubt, there will be compliments and criticism of things in the presentation (or missing from it). We hope that this report helps advance the discussion and we welcome others to opine with views (backed up by data).

We Focus on Federal, Not State & Local Government Data

- **Federal / State & Local Governments Share Different Responsibilities**
  - Federal government is financially responsible for all or the majority of **Defense, Social Security, Medicare and Interest Payments** on federal debt and coordinates / shares funding for public investment in education / infrastructure.
  - State & local governments are financially responsible for all or the majority of **Education, Transportation** (Road Construction & Maintenance), **Public Safety** (Police / Fire Protection / Law Courts / Prisons) and **Environment & Housing** (Parks & Recreation / Community Development / Sewerage & Waste Management).
  - Federal / state & local governments share financial responsibility in **Medicaid** and **Unemployment Insurance**.
- **We Focus on the Federal Government**
  - State and local governments face many similar long-term financial challenges and may ultimately require federal assistance. To be sure, the size of state & local government budget deficits ($70 billion[1] in aggregate in F2009) and debt-to-GDP ratio (7%[2] on average in F2008) pales by comparison to the federal government's ($1.3 trillion budget deficit, 62% debt-to-GDP ratio in F2010). But these metrics may understate state & local governments' financial challenges by 50% or more[3] because they exclude the long-term cost of public pension and other post employment benefit (OPEB) liabilities.

Note: 1) Per National Conference of State Legislatures, State fiscal years ends in June. $70B aggregate excludes deficits from Puerto Rico ($3B deficits in F2009). 2) Debt-to-GDP ratio per Census Bureau State & Local Government Finance; 3) Calculation based on the claim that $1T of collective short fall in State & local government pension and OPEB funding would be $2.5T using corporate accounting rules, per Orin S. Kramer, "How to Cheat a Retirement Fund," 9/10.

Summary

Highlights from F2010 USA Inc. Financials

- **Summary –** USA Inc. has challenges.
- **Cash Flow –** While recession depressed F2008-F2010 results, cash flow has been negative for 9 consecutive years ($4.8 trillion, cumulative), with no end to losses in sight. Negative cash flow implies that USA Inc. can't afford the services it is providing to 'customers,' many of whom are people with few alternatives.
- **Balance Sheet –** Net worth is negative and deteriorating.
- **Off-Balance Sheet Liabilities –** Off-balance sheet liabilities of at least $31 trillion (primarily unfunded Medicare and Social Security obligations) amount to nearly $3 for every $1 of debt on the books. Just as unfunded corporate pensions and other post-employment benefits (OPEB) weigh on public corporations, unfunded entitlements, over time, may increase USA Inc.'s cost of capital. And today's off-balance sheet liabilities will be tomorrow's on-balance sheet debt.
- **Conclusion –** Publicly traded companies with similar financial trends would be pressed by shareholders to pursue a turnaround. The good news: USA Inc.'s underlying asset base and entrepreneurial culture are strong. The financial trends can shift toward a positive direction, but both 'management' and 'shareholders' will need collective focus, willpower, commitment, and sacrifice.

Note: USA federal fiscal year ends in September; Cash flow = total revenue – total spending on a cash basis; net worth includes unfunded future liabilities from Social Security and Medicare on an accrual basis over the next 75 years. Source: cash flow per White House Office of Management and Budget; net worth per Dept. of Treasury, "2010 Financial Report of the U.S. Government," adjusted to include unfunded liabilities of Social Security and Medicare.

Drilldown on USA Inc. Financials…

- **To analysts looking at USA Inc. as a public corporation, the financials are challenged**
  - Excluding Medicare / Medicaid spending and one-time charges, USA Inc. has supported a 4% average net margin[1] over 15 years, but cash flow is deep in the red by negative $1.3 trillion last year (or -$11,000 per household), and net worth[2] is negative $44 trillion (or -$371,000 per household).
- **The main culprits: entitlement programs, mounting debt, and one-time charges**
  - Since the Great Depression, USA Inc. has steadily added "business lines" and, with the best of intentions, created various entitlement programs. Some of these serve the nation's poorest, whose struggles have been made worse by the financial crisis. Apart from Social Security and unemployment insurance, however, funding for these programs has been woefully inadequate – and getting worse.
  - Entitlement expenses (adjusted for inflation) rose 70% over the last 15 years, and USA Inc. entitlement spending now equals $16,600 per household per year; annual spending exceeds dedicated funding by more than $1 trillion (and rising). Net debt levels are approaching warning levels, and one-time charges only compound the problem.
  - Some consider defense spending a major cause of USA Inc.'s financial dilemma. Re-setting priorities and streamlining could yield savings – $788 billion by 2018, according to one recent study[3] – perhaps without damaging security. But entitlement spending has a bigger impact on USA Inc. financials. Although defense nearly doubled in the last decade, to 5% of GDP, it is still below its 7% share of GDP from 1948 to 2000. It accounted for 20% of the budget in 2010, but 41% of all government spending between 1789 and 1930.

Note: 1) Net margin defined as net income divided by total revenue; 2) net worth defined as assets (ex. stewardship assets like national parks and heritage assets like the Washington Monument) minus liabilities minus the net present value of unfunded entitlements (such as Social Security and Medicare), data per Treasury Dept.'s "2010 Annual Report on the U.S. Government"; 3) Gordon Adams and Matthew Leatherman, "A Leaner and Meaner National Defense," Foreign Affairs, *Jan/Feb 2011)*

…Drilldown on USA Inc. Financials…

- **Medicare and Medicaid, largely underfunded (based on 'dedicated' revenue) and growing rapidly, accounted for 21% (or $724B) of USA Inc.'s total expenses in F2010, up from 5% forty years ago**
  - Together, these two programs represent 35% of all (annual) US healthcare spending; Federal Medicaid spending has doubled in real terms over the last decade, to $273 billion annually.
- **Total government healthcare spending consumes 8.2% of GDP compared with just 1.3% fifty years ago; the new health reform law could increase USA Inc.'s budget deficit**
  - As government healthcare spending expands, USA Inc.'s red ink will get much worse if healthcare costs continue growing 2 percentage points faster than per capita income (as they have for 40 years).
- **Unemployment Insurance and Social Security are adequately funded...for now. The future, not so bright**
  - Demographic trends have exacerbated the funding problems for Medicare and Social Security – of the 102 million increased enrollment between 1965 and 2009, 42 million (or 41%) is due to an aging population. With a 26% longer life expectancy but a 3% increase in retirement age (since Social Security was created in 1935), deficits from Social Security could add $11.6 trillion (or 140%) to the public debt by 2037E, per Congressional Budget Office (CBO).

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…Drilldown on USA Inc. Financials

- **If entitlement programs are not reformed, USA Inc.'s balance sheet will go from bad to worse**
  - Public debt has doubled over the last 30 years, to 62% of GDP. This ratio is expected to surpass the 90% threshold* – above which real GDP growth could slow considerably – in 10 years and could near 150% of GDP in 20 years if entitlement expenses continue to soar, per CBO.
  - As government healthcare spending expands, USA Inc.'s red ink will get much worse if healthcare costs continue growing 2 percentage points faster than per capita income (as they have for 40 years).
- **The turning point: Within 15 years (by 2025), entitlements plus net interest expenses will absorb all – yes, all – of USA Inc.'s annual revenue, per CBO**
  - That would require USA Inc. to borrow funds for defense, education, infrastructure, and R&D spending, which today account for 32% of USA Inc. spending (excluding one-time items), down dramatically from 69% forty years ago.
  - It's notable that CBO's projection from 10 years ago (in 1999) showed Federal revenue sufficient to support entitlement spending + interest payments until 2060E – 35 years later than current projection.

*Note: *Carmen Reinhart and Kenneth Rogoff observed from 3,700 historical annual data points from 44 countries that the relationship between government debt and real GDP growth is weak for debt/GDP ratios below a threshold of 90 percent of GDP. Above 90 percent, median growth rates fall by one percent, and average growth falls considerably more. We note that while Reinhart and Rogoff's observations are based on 'gross debt' data, in the U.S., debt held by the public is closer to the European countries' definition of government gross debt. For more information, see Reinhart and Rogoff, "Growth in a Time of Debt," 1/10.*

How Might One Think About Turning Around USA Inc.?...

- **Key focus areas would likely be reducing USA Inc.'s budget deficit and improving / restructuring the 'business model'…**
  - One would likely drill down on USA Inc.'s key revenue and expense drivers, then develop a basic analytical framework for 'normal' revenue / expenses, then compare options.

  Looking at history…
  - Annual growth in revenue of 3% has been roughly in line with GDP for 40 years* while corporate income taxes grew at 2%. Social insurance taxes (for Social Security / Medicare) grew 5% annually and now represent 37% of USA Inc. revenue, compared with 19% in 1965.
  - Annual growth in expenses of 3% has been roughly in line with revenue, but entitlements are up 5% per annum - and now absorb 51% of all USA Inc.'s expense - more than twice their share in 1965; defense and other discretionary spending growth has been just 1-2%.

  One might ask…
  - Should expense and revenue levels be re-thought and re-set so USA Inc. operates near break-even and expense growth (with needed puts and takes) matches GDP growth, thus adopting a 'don't spend more than you earn' approach to managing USA Inc.'s financials?

*Note: *We chose a 40-year period from 1965 to 2005 to examine 'normal' levels of revenue and expenses. We did not choose the most recent 40-year period (1969 to 2009) as USA was in deep recession in 2008 / 2009 and underwent significant tax policy fluctuations in 1968 /1969, so many metrics (like individual income and corporate profit) varied significantly from 'normal' levels.*

…How Might One Think About Turning Around USA Inc.?

One might consider…

- **Options for reducing expenses by focusing on entitlement reform and operating efficiency**
  - Formula changes could help Social Security's underfunding, but look too draconian for Medicare/Medicaid; the underlying healthcare cost dilemma requires business process restructuring and realigned incentives.
  - Resuming the 20-year trend line for lower Federal civilian employment, plus more flexible compensation systems and selective local outsourcing, could help streamline USA Inc.'s operations.
- **Options for increasing revenue by focusing on driving long-term GDP growth and changing tax policies**
  - USA Inc. should examine ways to invest in growth that provides a high return (ROI) via new investment in technology, education, and infrastructure and could stimulate productivity gains and employment growth.
  - Reducing tax subsidies (like exemptions on mortgage interest payments or healthcare benefits) and changing the tax system in other ways could increase USA Inc.'s revenue without raising income taxes to punitive – and self-defeating – levels. Such tax policy changes could help re-balance USA's economy between consumption and savings and re-orient business lines towards investment-led growth, though there are potential risks and drawbacks.
- **History suggests the long-term consequences of inaction could be severe**
  - USA Inc. has many assets, but it must start addressing its spending/debt challenges now.

Sizing Costs Related to USA Inc.'s Key Financial Challenges & Potential AND / OR Solutions

- **To create frameworks for discussion, the next slide summarizes USA Inc.'s various financial challenges and the projected future cost of each main expense driver.**
  - The estimated future cost is calculated as the net present value of expected 'dedicated' future income (such as payroll taxes) minus expected future expenses (such as benefits paid) over the next 75 years.
- **Then we ask the question: 'What can we do to solve these financial challenges?'**
  - The potential solutions include a range of simple *mathematical illustrations* (such as changing program characteristics or increasing tax rates) *and/or program-specific policy solutions* proposed or considered by lawmakers and agencies like the CBO (such as indexing Social Security initial benefits to growth in cost of living).
- **These mathematical illustrations are only a mechanical answer to key financial challenges and not realistic solutions. In reality, a combination of detailed policy changes will likely be required to bridge the future funding gap.**

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Overview of USA Inc.'s Key Financial Challenges & Potential *and/or* Solutions

Rank	Financial Challenge	Net Present Cost[1] ($T / % of 2010 GDP)	Mathematical Illustrations *and/or* Potential Policy Solutions[2]
1	Medicaid	$35 Trillion[3] / 239%	• Isolate and address the drivers of medical cost inflation • Improve efficiency / productivity of healthcare system • Reduce coverage for optional benefits & optional enrollees
2	Medicare	$23 Trillion / 156%	• Reduce benefits • Increase Medicare tax rate • Isolate and address the drivers of medical cost inflation • Improve efficiency / productivity of healthcare system
3	Social Security	$8 Trillion / 54%	• Raise retirement age • Reduce benefits • Increase Social Security tax rate • Reduce future initial benefits by indexing to cost of living growth rather than wage growth • Subject benefits to means test to determine eligibility
4	Slow GDP / USA Revenue Growth	--	• Invest in technology / infrastructure / education • Remove tax & regulatory uncertainties to stimulate employment growth • Reduce subsidies and tax expenditures & broaden tax base
5	Government Inefficiencies	--	• Resume the 20-year trend line for lower Federal civilian employment • Implement more flexible compensation systems • Consolidate / selectively local outsource certain functions

Note: 1) Net Present Cost is calculated as the present value of expected future net liabilities (expected revenue minus expected costs) for each program / issue over the next 75 years, Medicare estimate per Dept. of Treasury, "2010 Financial Report of the U.S. Government," Social Security estimate per Social Security Trustees' Report (8/10). 2) For more details on potential solutions, see slides 252-410 or full USA Inc. presentation. 3) Medicaid does not have dedicated revenue source and its $35T net present cost excludes funding from general tax revenue, NPV analysis based on 3% discount rate applied to CBO's projection for annual inflation-adjusted expenses.

The Essence of America's Financial Conundrum & Math Problem?

While a hefty 80% of Americans indicate balancing the budget should be one of the country's top priorities, per a Peter G. Peterson Foundation survey in 11/09…

…only 12% of Americans support cutting spending on Medicare or Social Security, per a Pew Research Center survey, 2/11.

Some might call this 'having your cake and eating it too…'

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The Challenge Before Us

Policymakers, businesses and citizens need to share responsibility for past failures and develop a plan for future successes.

Past generations of Americans have responded to major challenges with collective sacrifice and hard work.

Will ours also rise to the occasion?

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High-Level Thoughts on Income Statement/Balance Sheet

How Would You Feel if…

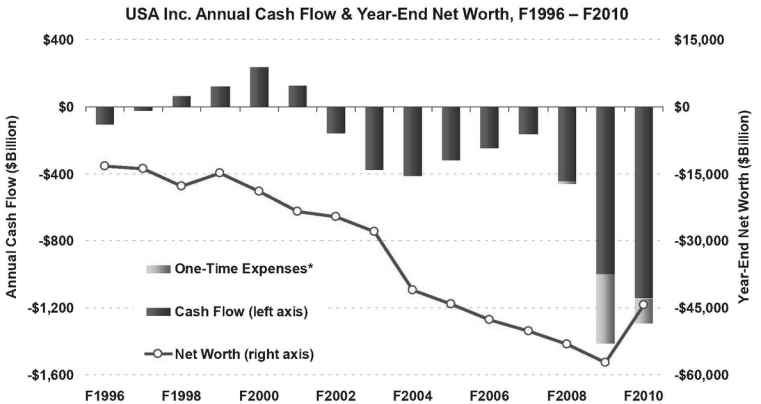
…your Cash Flow was NEGATIVE for each of the past 9 years…

…your Net Worth* has been NEGATIVE for as long as you can remember…

… it would take 20 years of your income at the current level to pay off your existing debt – assuming you don't take on any more debt.

*Note: *See slide 30 for net worth qualifier.*

Welcome to the Financial Reality (& Negative Trend) of USA Inc.
F2010 Cash Flow = **-$1.3 Trillion**; Net Worth = **-$44 Trillion**

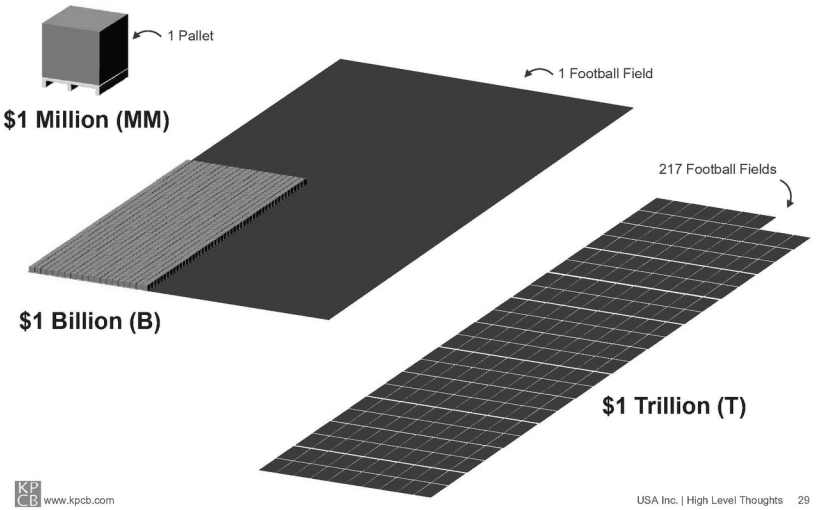


*Note: USA federal fiscal year ends in September; Cash flow = total revenue – total spending on a cash basis; net worth includes unfunded future liabilities from Social Security and Medicare on an accrual basis over the next 75 years. *One-time expenses in F2008 include $14B payments to Freddie Mac; F2009 includes $279B net TARP payouts, $97B payment to Fannie Mae & Freddie Mac and $40B stimulus spending on discretionary items; F2010 includes $26B net TARP income, $137B stimulus spending and $41B payment to Fannie Mae & Freddie Mac. F2010 net worth improved dramatically owing to revised actuarial estimates for Medicare program resulted from the Healthcare reform legislation. For more definitions, see next slide. Source: cash flow per White House Office of Management and Budget; net worth per Dept. of Treasury, "2010 Financial Report of the U.S. Government."*

Think About That…

The previous chart is in TRILLIONS of dollars. Just because million, billion and trillion rhyme, doesn't mean that they are even close to the same quantity.

Only Politicians Work in Trillions of Dollars— Here's How Much That Is



Net Worth Qualifier

- **The balance sheet / net worth calculation does not include the power to tax** – the net present value of the sovereign power to tax and the ability to print the world's reserve currency would clearly bolster USA Inc.'s assets – if they could be accurately calculated.
- **Plant, Property & Equipment (PP&E) on USA Inc.'s balance sheet is valued at $829B[1] (or 29% of USA Inc.'s total stated assets) –** this includes tangible assets such as buildings, internal use software and civilian and military equipment.
- **The PP&E calculation <u>DOES NOT</u> include** the value of USA Inc.'s holdings in the likes of public land (estimated to be worth $408B per OMB)[1], highways, natural gas, oil reserves, mineral rights (estimated to be worth $345B per OMB), forest, air space, radio frequency spectrum, national parks and other heritage and stewardship assets which USA Inc. does not anticipate to use for general government operations. The good news for USA Inc. is that the aggregate value of these heritage and stewardship assets could be significant.

Note: 1) USA Inc.'s holding of land is measured in non-financial units such as acres of land and lakes, and number of National Parks and National Marine Sanctuaries. Land under USA Inc.'s stewardship accounts for 28% of the total U.S. landmass as of 9/10. Dept. of Interior reported 552 national wildlife refuges, 378 park units, 134 geographic management areas, 67 fish hatcheries under their management as of 9/10. Dept. of Defense reported 203,000 acres of public land and 16,140,000 acres withdrawn public land, the USDA's Forest Service managed an estimated 155 national forests, while the Dept. of Commerce had 13 National Marine Sanctuaries, which included near–shore coral reefs and open ocean, as of 9/10. Dept. of Treasury, "2010 Financial Report of the U.S. Government."

A Word of Warning About Comparing Corporate & Government Accounting…

- Government accounting standards do not report the present value of future entitlement payments (such as Social Security or Medicare) as liabilities. Instead, entitlement payments are recognized only when they are paid.
- Our analysis takes a different view: governments create liabilities when they enact entitlements and do not provide for revenues adequate to fund them.
- We measure the entitlement liability as the present value of estimated entitlement payments in excess of expected revenues for citizens of working age based on Social Security and Medicare Trust Funds' actuarial analysis.
- Government accounting standards also do not recognize the value of internally-generated intangible assets (such as the sovereign power to tax). We do not recognize those assets either, as we have no basis to measure them. But the US government has substantial intangible assets that should provide future economic benefits.

Note: For more discussion on alternatives to corporate and official government accounting methods, see Laurence J. Kotlikoff, Alan J. Auerbach, and Jagadeesh Gokhale, "Generational Accounting: A Meaningful Way to Assess Generational Policy," published on 12/94 in The Journal of Economic Perspectives.
Source: Greg Jonas, Morgan Stanley Research.

…and About Government Budgeting

- Federal government budgeting follows arcane practices that are very different from corporate budgeting – and can neglect solutions to structural problems in favor of short-term expediency.
- Federal government does not distinguish capital budget (for long-term investment) from operating budget (for day-to-day operations). As a result, when funding is limited, government may choose to reduce investments for the future to preserve resources for day-to-day operations.
- Budget "scoring" rules give Congress incentives to hide the true costs...and help Congressional committees defend their turf.*

*Note: *For more detail, refer to slide 116 on congressional budget scoring rules related to recent Healthcare reform.*

Metric Definitions & Qualifiers

- **Cash Flow** = 'Cash In' *Minus* 'Cash Out'
  - Calculated on a cash basis (which excludes changes in non-cash accrual of future liabilities) for simplicity.
- **One-Time Expenses** = 'Spending *Minus* Repayments' for Non-Recurring Programs
  - Net costs of programs such as TARP, ARRA, and GSE bailouts.
- **Net Worth** = Assets *Minus* Liabilities *Minus* Unfunded Entitlement Liabilities
  - Assets include cash & investments, taxes receivable, property, plant & equipment (as defined by Department of Treasury).
  - Liabilities include accounts payable, accrued payroll & benefits, federal debt, federal employee & veteran benefits payable…
  - Unfunded Entitlement Liabilities include the present value of future expenditures in excess of dedicated future revenues in Medicare and Social Security over the next 75 years.

Note: USA Inc. accounts do not follow the same GAAP as corporations.

Common Financial Metrics Applied to USA Inc. in F2010

- **Cash Flow Per Share = -$4,171**
  - USA Inc.'s F2010 cash flow -$1.3 trillion, divided by population of ~310 million (assuming each citizen holds one share of USA Inc.).
- **Net Debt to EBITDA Ratio = -8x**
  - USA Inc. net debt held by public ($9.1 trillion) divided by USA Inc. F2010 EBITDA (-$1.1 trillion). It's notable that the ratio compares with S&P500 average of 1.4x in 2010.

Note: USA Inc. accounts do not follow the same GAAP as corporations. Refer to slide 31 for a word of warning about comparing corporate and government accounting. EBITDA is Earnings Before Interest, Tax, Depreciation & Amortization. Source: Dept. of Treasury, White House Office of Management and Budget, Congressional Budget Office, BEA, BLS.

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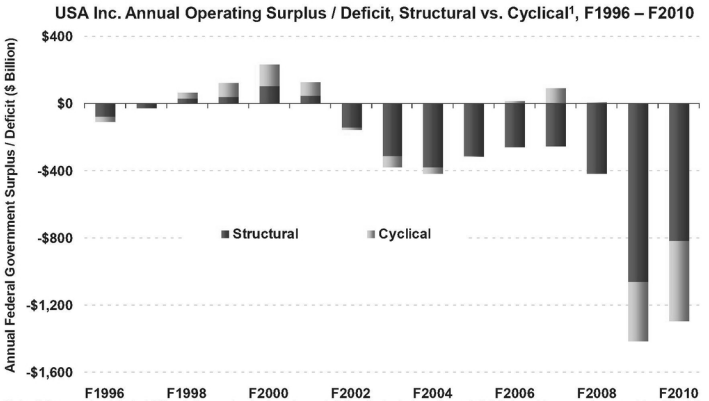
Even Adjusting For Cyclical Impact of Recessions, USA Inc.'s 2010 Structural Operating Loss = **-$817 Billion** vs. -$78 Billion 15 Years Ago



Note: 1) Congressional Budget Office defines a structural surplus or deficit as the budget surplus or deficit that would occur under current law if the influences of the business cycle on the budget – the automatic stabilizers – were removed, and cyclical surplus or deficit as the automatic net changes in revenues and outlays that are attributable to cyclical movements in real (inflation-adjusted) output and unemployment. CBO compiled this data from Dept. of Commerce's Bureau of Economic Analysis (BEA), which maintains the national income and product accounts (NIPA). An important difference between the official budget deficit and the NIPA measure of net federal government saving is that the latter excludes such purely financial transactions as the sale of government assets, and most transactions under the Troubled Asset Relief Program, because those transactions do not help to measure current production and income. In addition, historical NIPA data are subject to significant revision; historical budget data, by contrast, are rarely revised significantly. Source: 1996-2006 data per CBO, "The Effects of Automatic Stabilizers on the Federal Budget," 5/10, 2007-2010 data per White House OMB F2012 Budget Analytical Perspective.

Understanding Differences Between Economist Language vs. Equity Investor Translation

Economist Language

- **Budget Deficit** – The amount by which a government's expenditures exceed its receipts over a particular period of time.
- **Structural Deficit** – The portion of the budget deficit that results from a fundamental imbalance in government receipts and expenditures, as opposed to one based on the business cycle or one-time factors.
- **Cyclical Deficit** – The portion of the budget deficit that results from cyclical factors such as economic recessions rather than from underlying fiscal policy.
- **Federal Debt Held By the Public** – The accumulation of all previous fiscal years' deficits.

Equity Investor Approximate Translation*

- **Cash Flow** – 'Cash in' minus 'cash out.'
- **Cash Flow (ex. One-Time Items)*** – 'Cash in' minus 'cash out' excluding expenditures that are one-time in nature (such as economic stimulus spending).
- **One-Time Expenses*** – TARP / GSE / stimulus spending related to economic recession.
- **Debt** – Cumulative negative cash flow financed by borrowing.

*Note: *We acknowledge that while the concept of 'cash flow ex. one-time items' and 'one-time expenses' is similar to 'structural deficit' and 'cyclical deficit,' respectively, these terms are not interchangeable and have different definitions. Congressional Budget Office defines a structural surplus or deficit as the budget surplus or deficit that would occur under current law if the influences of the business cycle on the budget – the automatic stabilizers – were removed, and cyclical surplus or deficit as the automatic net changes in revenues and outlays that are attributable to cyclical movements in real (inflation-adjusted) output and unemployment.*

How Did USA Inc.'s Financial Reality Get to this Difficult Point?

USA Inc. Has Not Adequately Funded Its Entitlement Programs

Recessions come and go (and affect USA's revenue), but future claims (related to entitlement program commitments) on USA Inc. now meaningfully exceed its projected cash flows.

For the last 40 years, management (the government) has committed more long-term benefits through 'entitlement' programs like Medicaid / Medicare / Social Security…without developing a sound plan to pay for them.

Many of these programs provide important services to low-income, unemployed, and disabled Americans in great need for help. But without proper financing, support may dwindle.

USA Inc. Has Substantially Expanded Its "Business Lines" Over Past 80 Years

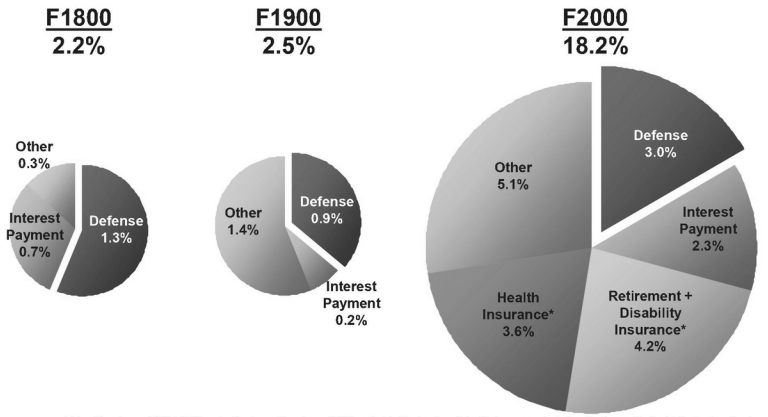
From 1789 to 1930, 41%[1] of USA Inc.'s cumulative budget was dedicated to defense spending (compared with 20%[1] in F2010), per the Census Bureau.

This began to change in the 1930s, when the federal government substantially expanded its role (in effect, expanded its "business lines") in response to the Great Depression.

Note: 1) 41% is the cumulative defense spending (excluding veterans' benefits and services) as % of cumulative total federal spending from 1789 to 1930. Including veterans' benefits and services, defense spending would have been 49% of cumulative annual budget from 1789 to 1930 and would have been 22% in F2009. Source: Census Bureau, "Historical Statistics of the United States, Colonial Times to 1970," Data series Y 457-465.

USA Inc. "Business Lines" Have Expanded From Defense to Insurance & Other Areas

USA Inc. Major 'Business Line' Spending as % of GDP, F1800 vs. F1900 vs. F2000



*Note: Fiscal year 1800 / 1900 ended in June. Fiscal year 2000 ended in September. *Health insurance includes Medicare, Medicaid (federal portion) and other federal health programs, retirement and disability insurance is Social Security. Other spending includes public sector employee and veteran pension & benefits cost and spending on community development, law enforcement / education / public infrastructure / energy, etc. Source: 1800 / 1900 data per Census Bureau, 2000 per White House OMB.*

USA Inc. First 155 Years (1776-1930) = Era of Defense

Dept. of Army + Navy = 41%[1] of Cumulative Spending From 1789-1930

USA Inc.'s Budget Outlays For the First 155 Years (1776-1930)[2]

	1789-1791	…	1800	…	1850	…	1900	…	1930	1789-1930 Cumulative
Total Federal Government Outlays ($MM)	$4		$11		$40		$521		$3,320	$98,747
Defense	$1		$6		$17		$191		$839	$40,332
% of Total Outlays	*15%*		*56%*		*44%*		*37%*		*25%*	*41%*
Dept. of the Army	*$1*		*$3*		*$9*		*$135*		*$465*	*$28,831*
% of Total Outlays	*15%*		*24%*		*24%*		*26%*		*14%*	*29%*
Dept. of the Navy	*$0*		*$3*		*$8*		*$56*		*$374*	*$11,500*
% of Total Outlays	*--*		*32%*		*20%*		*11%*		*11%*	*12%*
Interest on the Public Debt	$2		$3		$4		$40		$659	$13,790
% of Total Outlays	*55%*		*31%*		*10%*		*8%*		*20%*	*14%*
Other*	$1		$1		$18		$290		$1,822	$44,626
% of Total Outlays	*30%*		*13%*		*47%*		*56%*		*55%*	*45%*
Veteran Compensation and Pensions	*$0*		*$0*		*$2*		*$141*		*$221*	*$8,273*
% of Total Outlays	*4%*		*1%*		*5%*		*27%*		*7%*	*8%*

*Note: Data is rounded and not adjusted for inflation. 1) 41% is the cumulative defense spending (excluding veterans' benefits and services) as % of cumulative total federal spending from 1789 to 1930. Including veterans' benefits and services, defense spending would have been 49% of cumulative annual budget from 1789 to 1930. 2) Data not available from 1776 to 1789. * Other includes various spending on administration, legislation and veteran compensation and pensions. Source: Census Bureau, "Historical Statistics of the United States, Colonial Times to 1970," Data series Y 457-465.*

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USA Inc. Next 80 Years (1931-2010) = Era of Expansion

Defense Down to 20% of Spending; Social Security + Healthcare Up to 44% in F2010

USA Inc.'s Budget Outlays For the Next 78 Years (1931-2010)[2]

	1931	1940	1950	1960	1970	1980	1990	2000	2010
Total Federal Government Outlays ($B)	**$4**	**$9**	**$43**	**$92**	**$196**	**$591**	**$1,253**	**$1,789**	**$3,456**
Defense	**$1**	**$2**	**$14**	**$48**	**$82**	**$134**	**$299**	**$294**	**$694**
% of Total Outlays	***23%***	***20%***	***32%***	***52%***	***42%***	***23%***	***24%***	***16%***	***20%***
Interest on the Public Debt	**$1**	**$1**	**$5**	**$7**	**$14**	**$53**	**$184**	**$223**	**$196**
% of Total Outlays	***17%***	***11%***	***11%***	***8%***	***7%***	***9%***	***15%***	***12%***	***6%***
Retirement & Disability Insurance	**$0**	**$0**	**$1**	**$12**	**$30**	**$119**	**$249**	**$409**	**$707**
% of Total Outlays	***0%***	***0%***	***2%***	***13%***	***15%***	***20%***	***20%***	***23%***	***20%***
Healthcare	**$0**	**$0**	**$0**	**$1**	**$12**	**$55**	**$156**	**$352**	**$821**
% of Total Outlays	***0%***	***1%***	***1%***	***1%***	***6%***	***9%***	***12%***	***20%***	***24%***
Physical Resources (Energy / Housing…)	**$0**	**$2**	**$4**	**$8**	**$16**	**$66**	**$126**	**$85**	**$89**
% of Total Outlays	***5%***	***26%***	***9%***	***9%***	***8%***	***11%***	***10%***	***5%***	***3%***
Other	**$2**	**$4**	**$19**	**$17**	**$42**	**$165**	**$239**	**$426**	**$950**
% of Total Outlays	***55%***	***42%***	***45%***	***18%***	***21%***	***28%***	***19%***	***24%***	***27%***

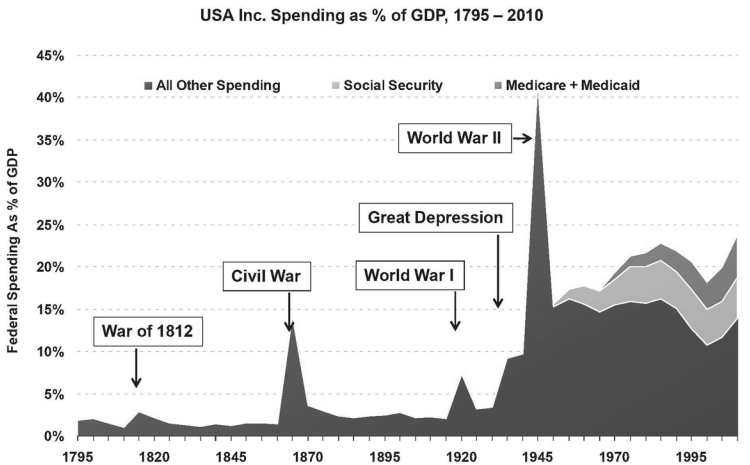
Note: Data is rounded and not adjusted for inflation. Physical resources include energy, natural resources, commerce & housing credit, transportation infrastructure, community and regional development. Other includes international affairs, agriculture, administration of justice, general government, education and veterans' benefits and services. Source: 1931-1939 data per Census Bureau, "Historical Statistics of the United States, Colonial Times to 1970." 1940-2010 data per White House OMB.

USA Inc. "Business Line" Extensions: 1930 – 2010

	"Business Line" Extensions	F2010 Expense ($B)	Agencies / Programs Created (Year)	Goals
1970's	**Energy Policy**	**$12**	Department of Energy (1977)	Establish the Strategic Petroleum Reserve / mandate automobile fuel efficiency standards & temporary oil price control
1960's	**Community Development**	**13**	Community Development Block Grant* (1974)	Provide federal grants to local governments for projects like parking lots / museums / street repairs
	Healthcare	**724**	Medicare / Medicaid (1965)	Provide medical insurance program for the elderly (Medicare) and welfare program for low-income population (Medicaid)
1950's	**Education**	**97**	Federal Subsidies for K-12 & Higher Education (1965)	Provide federal subsidies for student loans / school libraries / teacher training / research / textbooks and other items.
1940's	**Housing**	**36**	Federal Housing Administration (1937) / Fannie Mae (1938)	Reduce cost of mortgages and spur home building / purchasing by offering federal mortgage insurance and create secondary market for mortgage loans.
	Welfare	**28**	Aid to Dependent Children (1935)	Provide cash assistance to low-income families with children. Replaced by Temporary Assistance for Needy Families program in 1996
1930's	**Retirement**	**584****	Social Security (1935)	Provide retirement income to the elderly
	TOTAL	**$1.5 Trillion**	**Or 10% of F2010 GDP / 69% of USA Inc.'s Revenue / 43 of Expense**	

*Note: *Community Development Block Grant was an effort to consolidate various pre-existing categorical community development programs that started with "urban renewal" in the 1950's. **Social Security's F2010 expense excludes ~$123B payments to disabled workers via Disability Insurance program (created in 1956). Source: CATO Institute, White House OMB.*

Entitlement Programs Are the Largest & Growing Expense Items on USA Inc.'s Income Statement in Peace Time



Note: Medicaid spending only includes federal (not state) portion of spending.
Source: John Cogan, Stanford University.

Perspective – USA Entitlement Spending = India's GDP

- With a population of 1.2 billion (vs. USA's 310 million) and 2010 GDP growth of 10% (vs. USA's 3%), India is a well-recognized emerging country on the global stage.

- **It's notable that India's 2010 nominal GDP* of $1.43 trillion was equal to USA's $1.43 trillion in federal government spending on Social Security, Medicare, and Medicaid.**

*Note: *Nominal GDP is not adjusted for purchasing power parity (PPP). Population and GDP data per IMF.*

The Original Estimates of Medicare's Costs Were Vastly Underestimated

- In 1965, the official estimate of Medicare's costs was $500 million per year, roughly $3 billion in 2005 dollars.*
- The actual cost of Medicare has turned out to be 10x that estimate.
  - Medicare's actual net loss (tax receipts + trust fund interest – expenditures) has exceeded $3 billion (adjusted for inflation) every year since 1976 and was $146 billion in 2008 alone. In other words, had the original estimate been accurate, the cumulative 43-year cost since Medicare was created would have been $129 billion, adjusted for inflation.
  - In fact, the actual cumulative spending has been $1.4 trillion** (adjusted for inflation)...in effect, 10x over budget.
- While calculations have been flawed from the beginning for some of USA Inc.'s entitlement programs, little has been done to correct the problems.

> ***An accurate economic forecast might have sunk Medicare.***
>
> *David Blumenthal and James Morone*
>
> *"The Lessons of Success – Revisiting the Medicare Story", November 2008*

*Sources: * Lyndon B. Johnson Library & Museum. Medicare spending data per White House OMB.*
***Dept. of Health & Human Services, CMS, data adjusted for inflation based on BEA's GDP price index.*

Many Leaders Have **Voiced** Concerns About Entitlement Program Math / Spending

*The **entitlement programs** are not self-funded…they are unfunded liabilities. They are the single biggest component of spending going forward.*

-- Ben Bernanke, Chairman of the Federal Reserve
Testimony before House Budget Committee, June 9, 2010

*The time we have is growing short…there are serious questions, most immediately about the sustainability of our commitment to growing **entitlement programs**.*

-- Paul Volcker, Former Chairman of the Federal Reserve
Chairman of President Obama's Economic Recovery Advisory Board
Speech at Stanford University, May 18, 2010

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40-Year USA Inc. Data Points and Trends

	1965		2005	'65-'05 Change
National[1] Healthcare Spending as % of GDP	6%	➔	16%	167%
Federal[2] Healthcare Spending as % of GDP	*1*	➔	*5*	--
Out-of-Pocket Healthcare Spending as % of GDP	*3*	➔	*2*	--
% of Adult Population Considered Obese	13	➔	32	146
% of Americans Receiving Govt. Subsidy[3]	20	➔	35	75
% of Americans that Pay No Federal Income Tax	20	➔	33	65
National[1] Education Spending as % of GDP	5	➔	7	48
Federal Education Spending as % of GDP	*0*	➔	*1*	--
Gross Debt as % of GDP	47	➔	64	36
Interest Payments as % of GDP	1.2	➔	1.5	25
Gini Index of Income Inequality[4]	0.34[4]	➔	0.41	20
Net Debt[5] as % of GDP	38	➔	37	-3
People Below Poverty Level as % of Population	17	➔	13	-26
Defense Spending as % of GDP	7	➔	4	-33
% of Americans that Pay 50% of All Income Tax	10[6]	➔	4	-60
Federal Budget Surplus / Deficit as % of GDP	-0.2	➔	-3	--

Note: 1) Includes all government and private spending. 2) Includes federal spending on Medicare, Medicaid and other healthcare programs, excludes state spending on Medicaid. 3) % of Americans receiving government subsidy include all recipients of Social Security, Medicare and Medicaid, as well as government employees (incl. federal / state / local / military). Data excludes our estimated duplicates. 4) A Gini index of 0 implies perfect income equality and an index of 1 implies complete inequality, the higher the index, the more inequality there is. Earliest data for USA was measured in 1967. 5) Net debt is federal debt held by the public. 6) Earliest data available in 1980. Source: White House Office of Management and Budget, Department of Health & Human Services, Centers for Disease Control, Internal Revenue Service, Census Bureau.

Summary: 40-Year USA, Inc. Trends*

- **America is spending beyond its means, and the problem – with mounting losses & increasing debt – is getting worse, not better**
- **Healthcare spending and obesity are rising dramatically.**
- **Education spending is growing slower than healthcare spending.**
- **Defense spending is declining on relative basis.**
- **More and more Americans are on the government payroll or receive government subsidies for retirement income, medical care, housing, and food.**
- **Inequality of income and wealth is rising, and fewer Americans pay income taxes to support USA Inc.**
- **Government increasingly resorts to borrowing to fund rising spending levels (primarily for entitlement programs)…**

*Note: *We chose a 40-year period from 1965 to 2005 to examine 'normal' levels of data points and trends. We did not choose the most recent 40-year period (1969 to 2009) as USA was in deep recession in 2008 / 2009 and underwent significant tax policy fluctuations in 1968 /1969 and subsequently many metrics (like individual income and corporate profit as well as federal budget surplus / deficit and debt levels) were significantly off their 'normal' levels.*

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What's the Proper Level of This and That? What's Normal?

We begin with the premise that for an enterprise (even a country that can 'print money' and tax) to be sustainable, it cannot lose money on an ongoing basis.

Successful businesses (and households) typically base their expenses on their ability to generate present and future revenue – in other words, they don't spend unless they can pay.

We analyze the data and present scenarios and options for solving the math and financial challenges facing USA Inc.

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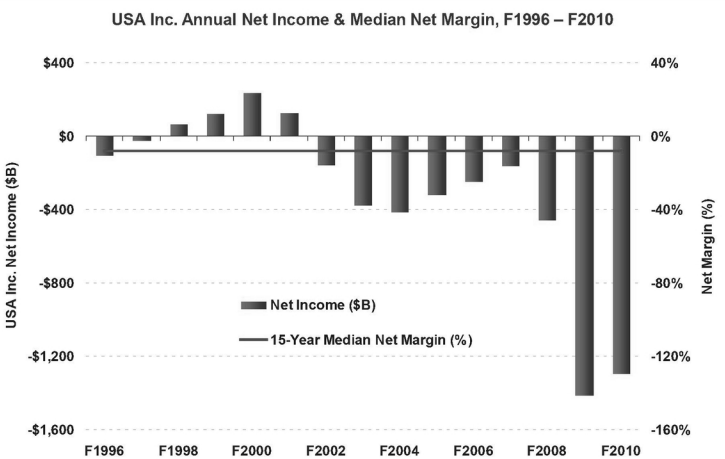
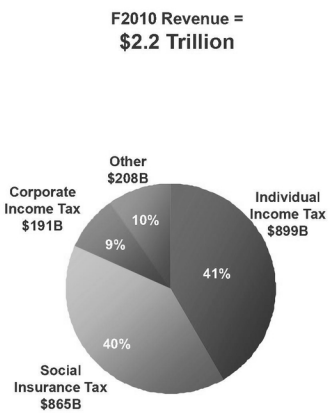
Income Statement Drilldown

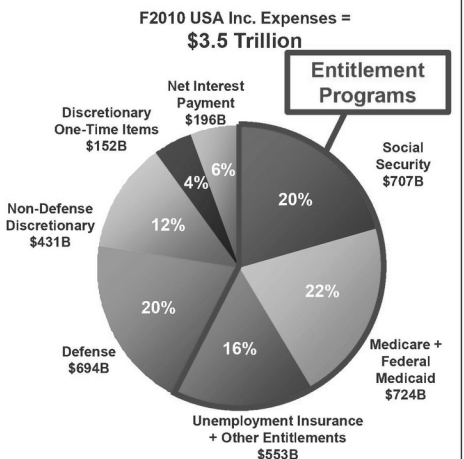
Income Statement – USA Inc. Shows **-8% Median Net Margin** Over 15 Years



Note: USA federal fiscal year ends in September. Source: White House Office of Management and Budget.

Income Statement – F2010 USA Inc. Revenues + Expenses at a Glance





*Note: USA federal fiscal year ends in September; *individual & corporate income taxes include capital gains taxes. Non-defense discretionary includes federal spending on education, infrastructure, law enforcement, judiciary functions…*
Source: White House Office of Management and Budget.

Income Statement – USA Inc. Supported -60% Net Margin in F2010

USA Inc. Profit & Loss Statement, F1995 / F2000 / F2005 / F2010

	F1995	… F2000	… F2005	… F2010	Comments
Revenue ($B)	$1,352	$2,026	$2,154	$2,163	**On average, revenue grew 3% Y/Y over past 15 years**
Y/Y Growth	--	*11%*	*15%*	*3%*	
Individual Income Taxes*	$590	$1,005	$927	$899	Largest driver of revenue
% of Revenue	*44%*	*50%*	*43%*	*42%*	
Social Insurance Taxes	$484	$653	$794	$865	Payroll tax on Social Security + Medicare
% of Revenue	*36%*	*32%*	*37%*	*40%*	
Corporate Income Taxes*	$157	$207	$278	$191	Fluctuates significantly with economic conditions
% of Revenue	*12%*	*10%*	*13%*	*9%*	
Other	$120	$161	$154	$208	Includes estate & gift taxes / duties & fees; relatively stable
% of Revenue	*9%*	*8%*	*7%*	*10%*	
Expense ($B)	**$1,516**	**$1,789**	**$2,472**	**$3,456**	**On average, expense grew 6% Y/Y over past 15 years**
Y/Y Growth	--	*5%*	*8%*	*-2%*	
Entitlement / Mandatory	$788	$937	$1,295	$1,984	Significant increase owing to aging population + rising healthcare cost
% of Expense	*52%*	*52%*	*52%*	*57%*	
Non-Defense Discretionary	$223	$335	$497	$431	Includes education / law enforcement / transportation…
% of Expense	*15%*	*19%*	*20%*	*12%*	
"One-Time" Items	--	--	--	$152	Includes discretionary spending on TARP, GSEs, and economic stimulus
% of Expense	--	--	--	*4%*	
Defense	$272	$294	$495	$694	Significant increase owing to on-going War on Terror
% of Expense	*18%*	*16%*	*20%*	*20%*	
Net Interest on Public Debt	$232	$223	$184	$196	Decreased owing to historic low interest rates
% of Expense	*15%*	*12%*	*7%*	*6%*	
Surplus / Deficit ($B)	**-$164**	$237	**-$318**	**-$1,293**	**USA Inc. median net margin between 1995 & 2010 = -8%**
Net Margin (%)	***-12%***	***12%***	***-15%***	***-60%***	

*Note: USA federal fiscal year ends in September; *individual & corporate income taxes include capital gains taxes. Non-defense discretionary includes federal spending on education, infrastructure, law enforcement, judiciary functions…*
Source: White House Office of Management and Budget.

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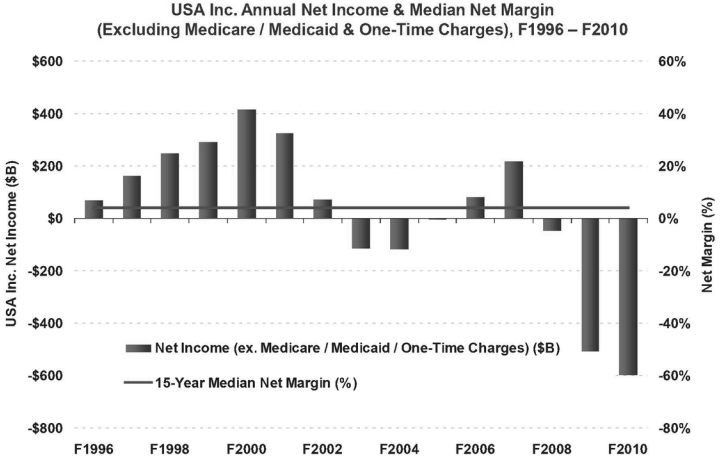
Income Statement – Excluding 'Underfunded' Medicare / Medicaid[1] + One-Time Charges, USA Inc. Shows **4% Median Net Margin** Over 15 Years



Note: 1) Excludes both 'dedicated' revenue and spending for Medicare and Medicaid. USA federal fiscal year ends in September. Source: White House Office of Management and Budget.

Income Statement: USA Inc. Profit & Loss Statement Is Solid, Excluding 'Underfunded' Medicare / Medicaid Revenue and Spending + One-Time Charges

USA Inc. Profit & Loss Statement (ex. Medicare / Medicaid / One-Time Expense), F1995 / F2000 / F2005 / F2010

	F1995	F2000	F2005	F2010	Comments
Revenue ($B)	**$1,256**	**$1,890**	**$1,988**	**$1,983**	**On average, revenue (ex. Medicare) grew 3% Y/Y over past 15 years**
Y/Y Growth	*--*	*11%*	*15%*	*4%*	
Individual Income Taxes*	$590	$1,005	$927	$899	Largest driver of core revenue
% of Revenue	*47%*	*53%*	*47%*	*45%*	
Social Insurance Taxes (ex. Medicare)	$388	$517	$628	$685	Payroll tax on Social Security
% of Revenue	*31%*	*27%*	*32%*	*35%*	
Corporate Income Taxes*	$157	$207	$278	$191	Fluctuates significantly with economic conditions
% of Revenue	*13%*	*11%*	*14%*	*10%*	
Other	$120	$161	$154	$208	Includes estate & gift taxes / duties & fees; relatively stable
% of Revenue	*10%*	*9%*	*8%*	*10%*	
Expense ($B)	**$1,248**	**$1,474**	**$1,992**	**$2,580**	**Expenses(ex. Medicare Medicaid) grew 5% Y/Y over past 15 years**
Y/Y Growth		*5%*	*8%*	*7%*	
Entitlement (ex. Medicare / Medicaid)	$520	$622	$815	$1,259	Significant increase owing to aging population
% of Expense	*42%*	*42%*	*41%*	*49%*	
Non-Defense Discretionary	$223	$335	$497	$431	Includes education / law enforcement / transportation…
% of Expense	*18%*	*23%*	*25%*	*17%*	
Defense	$272	$294	$495	$694	Significant increase owing to on-going War on Terror
% of Expense	*22%*	*20%*	*25%*	*27%*	
Net Interest on Public Debt	$232	$223	$184	$196	Decreased owing to historic low interest rates
% of Expense	*19%*	*15%*	*9%*	*8%*	
Surplus / Deficit ($B)	**$8**	**$416**	**-$4**	**-$597**	**USA Inc. core operations were in surplus 9 out of the past 15 years**
Net Margin (%)	***1%***	***22%***	***0%***	***-30%***	

*Note: USA federal fiscal year ends in September; *individual & corporate income taxes include capital gains taxes. Non-defense discretionary includes federal spending on education, infrastructure, law enforcement, judiciary functions… Source: White House Office of Management and Budget.*

100-Year Review of USA Inc.'s Basic Income Statement
Including Revenue & Expense Drivers as Percent of GDP

	1910	1920	1930	1940	1950	1960	1970	1980	1990	2000	2008	2009	2010
Revenue ($B)	$0.7	$7	$4	$7	$41	$92	$193	$517	$1,032	$2,025	$2,524	$2,105	$2,163
% of GDP	*2%*	*8%*	*4%*	*7%*	*15%*	*18%*	*19%*	*19%*	*18%*	*21%*	*18%*	*15%*	*15%*
Individual Income Taxes	--	$1	$1	$1	$16	$41	$90	$244	$467	$1,004	$1,146	$915	$899
% of GDP	--	*1%*	*1%*	*1%*	*6%*	*8%*	*9%*	*9%*	*8%*	*10%*	*8%*	*6%*	*6%*
Social Insurance Taxes	--	--	--	$2	$4	$15	$45	$158	$380	$653	$900	$891	$865
% of GDP	--	--	--	*2%*	*2%*	*3%*	*4%*	*6%*	*7%*	*7%*	*6%*	*6%*	*6%*
Corporate Income Taxes	--	--	$1	$1	$10	$21	$33	$65	$94	$207	$304	$138	$191
% of GDP	--	--	*1%*	*1%*	*4%*	*4%*	*3%*	*2%*	*2%*	*2%*	*2%*	*1%*	*1%*
Other*	$0.7	$6	$3	$3	$10	$16	$24	$51	$92	$161	$174	$161	$208
% of GDP	*2%*	*6%*	*3%*	*3%*	*4%*	*3%*	*2%*	*2%*	*2%*	*2%*	*1%*	*1%*	*1%*
Expense ($B)	$0.7	$6	$3	$9	$43	$92	$196	$591	$1,253	$1,789	$2,983	$3,518	$3,456
% of GDP	*2%*	*7%*	*4%*	*9%*	*16%*	*18%*	*19%*	*22%*	*22%*	*18%*	*21%*	*25%*	*24%*
Defense	$0.3	$2	$1	$2	$14	$48	$82	$134	$299	$294	$616	$661	$694
% of GDP	*1%*	*3%*	*1%*	*2%*	*5%*	*9%*	*8%*	*5%*	*5%*	*3%*	*4%*	*5%*	*5%*
Interest on the Debt	$0	$1	$1	$1	$5	$7	$14	$53	$184	$223	$253	$187	$196
% of GDP	*0%*	*1%*	*1%*	*1%*	*2%*	*1%*	*1%*	*2%*	*3%*	*2%*	*2%*	*1%*	*1%*
Social Security	--	--	--	$0	$1	$12	$30	$119	$249	$409	$617	$683	$707
% of GDP	--	--	--	*0%*	*0%*	*2%*	*3%*	*4%*	*4%*	*4%*	*4%*	*5%*	*5%*
Healthcare	--	--	--	$0	$0	$1	$12	$55	$156	$352	$671	$764	$821
% of GDP	--	--	--	*0%*	*0%*	*0%*	*1%*	*2%*	*3%*	*4%*	*5%*	*5%*	*6%*
Other**	$0	$3	$2	$6	$23	$25	$57	$231	$365	$511	$825	$1,222	$1,039
% of GDP	--	--	--	*6%*	*8%*	*5%*	*6%*	*8%*	*6%*	*5%*	*6%*	*9%*	*7%*
Surplus / Deficit ($B)	-$0	$0	$1	-$2	-$2	$0	-$3	-$74	-$221	$236	-$459	-$1,413	-$1,293
% of GDP	*0%*	*0%*	*1%*	*-2%*	*-1%*	*0%*	*0%*	*-3%*	*-4%*	*2%*	*-3%*	*-10%*	*-9%*

*Note: Data are not adjusted for inflation. *Other revenue includes customs and excise / estate taxes. **Other expenses include spending on law enforcement / education / public infrastructure / energy, etc. Source: 1910 – 1930 per Census Bureau, 1940-2010 per White House OMB.*

100-Year Review of USA Inc.'s Basic Income Statement
Including Revenue & Expense Drivers as Percent of Revenue & Expenses

	1910	1920	1930	1940	1950	1960	1970	1980	1990	2000	2008	2009	2010
Revenue ($B)	$0.7	$7	$4	$7	$41	$92	$193	$517	$1,032	$2,025	$2,524	$2,105	$2,163
% of GDP	*2%*	*8%*	*4%*	*7%*	*15%*	*18%*	*19%*	*19%*	*18%*	*21%*	*18%*	*15%*	*15%*
Individual Income Taxes	--	$1	$1	$1	$16	$41	$90	$244	$467	$1,004	$1,146	$915	$899
% of Revenue	--	*16%*	*28%*	*16%*	*38%*	*44%*	*47%*	*47%*	*45%*	*50%*	*45%*	*43%*	*42%*
Social Insurance Taxes	--	--	--	$2	$4	$15	$45	$158	$380	$653	$900	$891	$865
% of Revenue	--	--	--	*25%*	*11%*	*16%*	*23%*	*31%*	*37%*	*32%*	*36%*	*42%*	*40%*
Corporate Income Taxes	--	--	$1	$1	$10	$21	$33	$65	$94	$207	$304	$138	$191
% of Revenue	--	--	*31%*	*14%*	*26%*	*23%*	*17%*	*12%*	*9%*	*10%*	*12%*	*7%*	*9%*
Other*	$0.7	$6	$3	$3	$10	$16	$24	$51	$92	$161	$174	$161	$208
% of Revenue	*100%*	*84%*	*72%*	*45%*	*25%*	*17%*	*13%*	*10%*	*9%*	*8%*	*7%*	*8%*	*10%*
Expense ($B)	$0.7	$6	$3	$9	$43	$92	$196	$591	$1,253	$1,789	$2,983	$3,518	$3,456
% of GDP	*2%*	*7%*	*4%*	*9%*	*16%*	*18%*	*19%*	*22%*	*22%*	*18%*	*21%*	*25%*	*24%*
Defense	$0.3	$2	$1	$2	$14	$48	$82	$134	$299	$294	$616	$661	$694
% of Expense	*45%*	*37%*	*25%*	*20%*	*32%*	*52%*	*42%*	*23%*	*24%*	*16%*	*21%*	*19%*	*20%*
Interest on the Debt	$0	$1	$1	$1	$5	$7	$14	$53	$184	$223	$253	$187	$196
% of Expense	*3%*	*16%*	*20%*	*11%*	*11%*	*8%*	*7%*	*9%*	*15%*	*12%*	*8%*	*5%*	*6%*
Social Security	--	--	--	$0	$1	$12	$30	$119	$249	$409	$617	$683	$707
% of Expense	--	--	--	*0%*	*2%*	*13%*	*15%*	*20%*	*20%*	*23%*	*21%*	*19%*	*20%*
Healthcare	--	--	--	$0	$0	$1	$12	$55	$156	$352	$671	$764	$821
% of Expense	--	--	--	*1%*	*1%*	*1%*	*6%*	*9%*	*12%*	*20%*	*23%*	*22%*	*24%*
Other**	$0	$3	$2	$6	$23	$25	$57	$231	$365	$511	$825	$1,222	$1,039
% of Expense	*52%*	*47%*	*55%*	*68%*	*54%*	*27%*	*29%*	*39%*	*29%*	*29%*	*28%*	*35%*	*30%*
Surplus / Deficit ($B)	-$0	$0	$1	-$2	-$2	$0	-$3	-$74	-$221	$236	-$459	-$1,413	-$1,293
% of GDP	*0%*	*0%*	*1%*	*-2%*	*-1%*	*0%*	*0%*	*-3%*	*-4%*	*2%*	*-3%*	*-10%*	*-9%*

*Note: Data are not adjusted for inflation. *Other revenue includes customs and excise / estate taxes. **Other expenses include spending on law enforcement / education / public infrastructure / energy, etc. Source: 1910 – 1930 per Census Bureau, 1940-2010 per White House OMB.*

HOUSE_OVERSIGHT_020871

Conclusions: 100-Year Review of USA Inc. Income Statement

- America's government has grown dramatically - USA Inc.'s revenue as percent of GDP has risen from 2% to 15%. Individual / social insurance (Social Security + Medicare) taxes have risen dramatically while customs / excise / estate taxes have declined in relative importance. In addition, USA Inc.'s spending as percent of GDP has risen to 24% in 2010, up from 3% average between 1790 and 1930.
- USA Inc.'s average operating income was at or near breakeven for most of the periods from 1910 to 1970.
- In the 1970s, as healthcare expenses (related to Medicare and Medicaid) began to surge, USA Inc. reported more frequent – and bigger – losses. Since 1970, USA Inc. showed a profit just 4 times (F1998-F2001, when economic growth was especially robust and defense spending was relatively low).
- General expense trends since 1970: non-defense discretionary spending has been flattish (except in recessions with material one-time charges), healthcare spending (largely Medicare + Medicaid) has risen materially, Social Security spending has been flattish, defense spending has been down to flattish, and interest payments varied with interest rates.

Operations of USA Inc. Are Solid, Excluding Medicare / Medicaid and One-Time Charges

Revenues of USA Inc. (largely from individual and corporate income and payroll taxes) can fund most expenses (largely spending on defense, Social Security, unemployment insurance, education, law enforcement, transportation, energy, infrastructure, federal employee & veteran benefits, and interest payments).

In fact, for USA Inc.'s operations besides Medicare / Medicaid and one-time expenses, there's ample scope to increase spending for defense, education, law enforcement, transportation, infrastructure and energy by ~4%* in aggregate and still remain break-even.

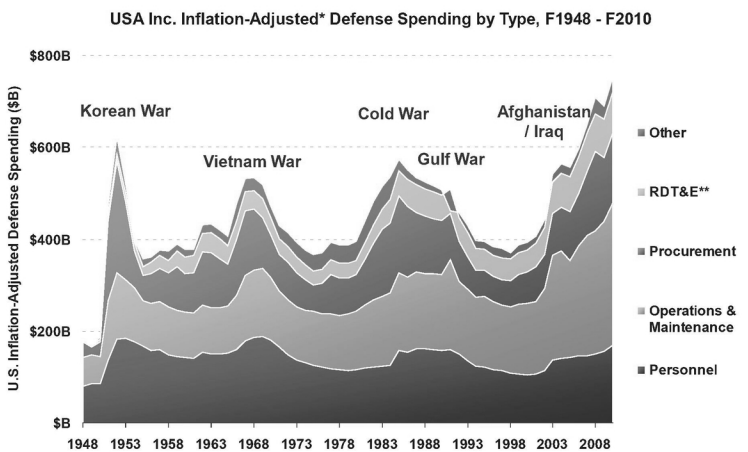
*Note: *Excluding Medicare / Medicaid revenue & expenses, USA Inc.'s expenses are, on average, 4% below revenue levels from F1996 to F2010 based on our calculation of White House OMB data.*

Defense Spending Is The Second-Largest Expense Item After Entitlements, But Below Long-Term Trend as Share of GDP

- With budget deficits rising, some advocate cutting back on defense spending, the second-largest expense item after entitlements.
- Defense spending has risen substantially in recent years, due to the wars in Afghanistan and Iraq, and other costs related to the Global War on Terror. As a percentage of GDP, however, defense spending in the U.S. remains below its 60-year trend.
- On an inflation-adjusted basis, U.S. defense spending is at its highest level since World War II. With overhead ~40% of all spending, the Defense Business Board found DoD consistently pays "more for less" and fails to attack overhead as the private sector would.[1]
- The Esquire Commission to Balance the Federal Budget, a group of four former Republican and Democratic senators, found over $300 billion[2] in defense restructuring opportunities, and other analysts proposed gradual cuts to reduce the defense budget by 14% by 2018.[3]

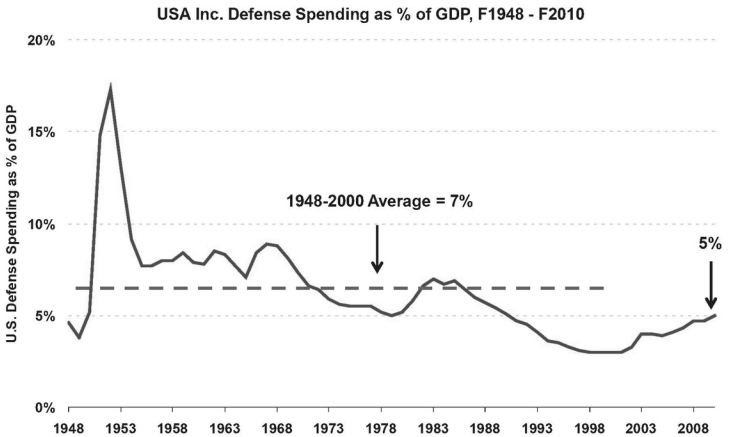
Notes: 1) The Defense Business Board , "Reducing Overhead and Improving Business Operations, "July 2010, http://dbb.defense.gov; 2) see Esquire Commission to Balance the Federal Budget, http://www.esquire.com/blogs/politics/federal-budget-statistics-1110.; 3) Gordon Adams and Matthew Leatherman, "A Leaner and Meaner National Defense," Foreign Affairs, *Jan/Feb 2011)*

Defense Spending Has Risen, Driven by Wars in Afghanistan + Iraq…



*Note: *Adjusted for inflation using GDP price index. **RDT&E is Research, Development, Test & Evaluation. Source: White House OMB.*

…While Defense Spending Rose to 5% of GDP in F2010 & Is Up from All-Time Historical Low of 3% in F1999 But It Is Still Well Below Post-World War II (1948-2000) Average of 7%



Source: White House OMB.

$950 Billion = Cumulative Cost of Iraq, Afghanistan & Global War on Terror Operations Since 9/11/01 Attacks

Cumulative Cost of Iraq, Afghanistan & Global War on Terror Operations of $950 Billion, as Percent of F2001-F2009 Spending:

4% of Total F2001-F2009 Federal Spending

22% of Total F2001-F2009 Defense Spending

28% of Total F2001-F2009 Federal Budget Deficit

Cumulative Cost of:

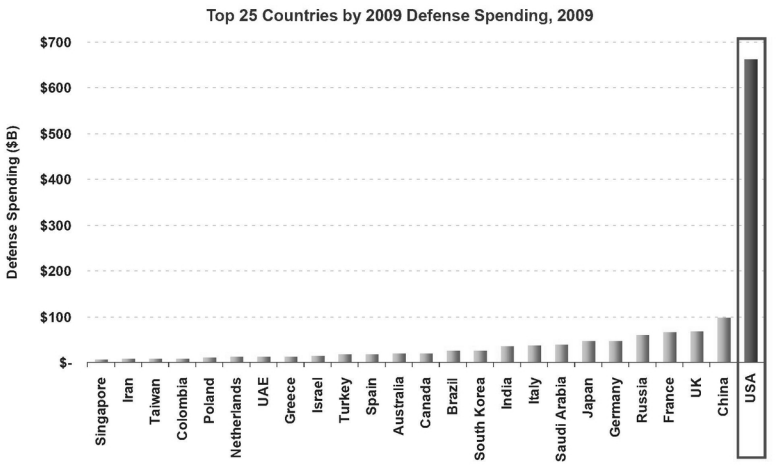
$685 Billion = War in Iraq

$231 Billion = War in Afghanistan

$34 Billion = Other Related Operations

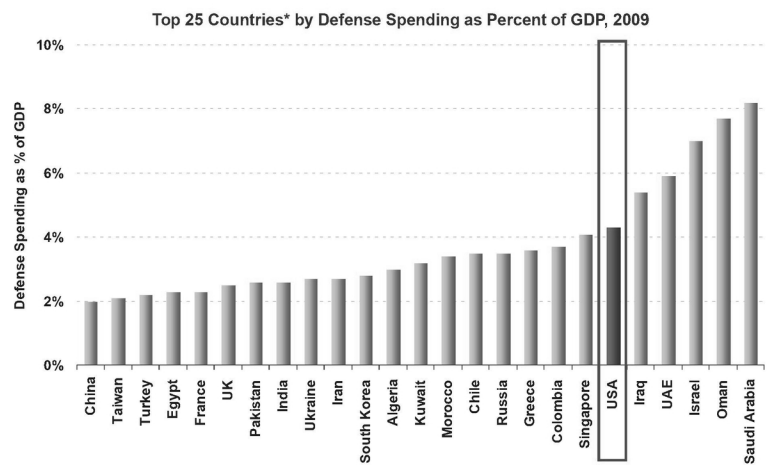
Source: White House OMB, Congressional Research Service, "The Cost of Iraq, Afghanistan, and Other Global War on Terror Operations Since 9/11," 9/2/2010.

While USA Inc. Ranks # 1 in Defense Spending…



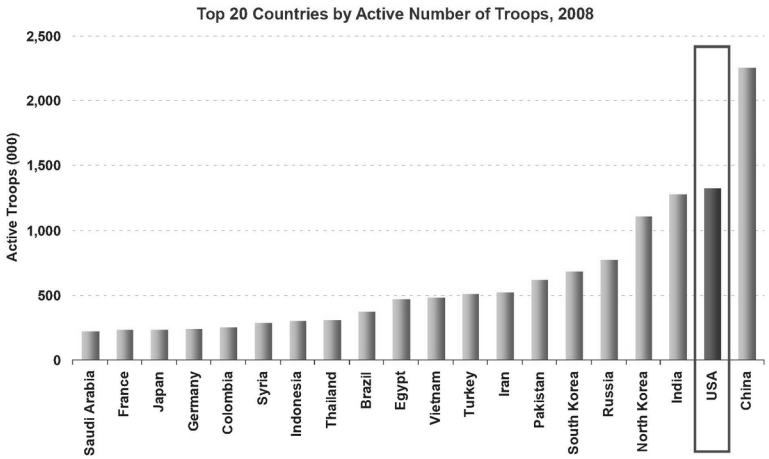
Note: Data for North Korea unavailable.
Source: Stockholm International Peace Research Institute.

…USA Inc. Ranks # 6 in Defense Spending as Percent of GDP



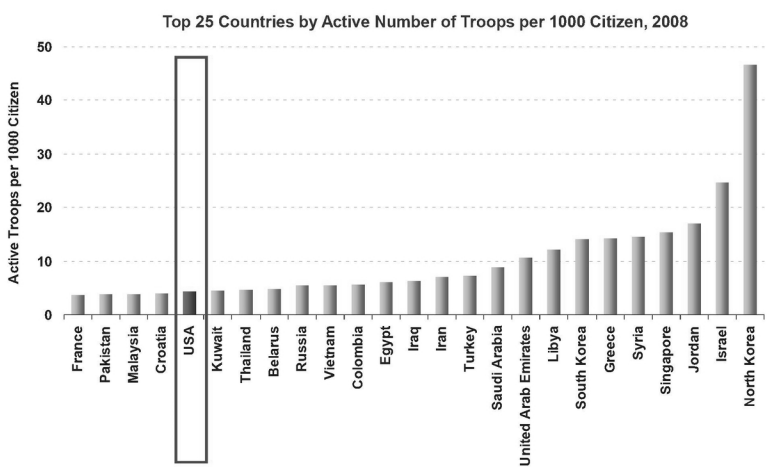
*Note: *Ranking among countries with 2009 defense spending of $3 billion or higher; data for North Korea unavailable.*
Source: Stockholm International Peace Research Institute.

While USA Inc. Ranks # 2 in Number of Troops…



Source: Stockholm International Peace Research Institute; Center for Strategic and International Studies, Business Monitor International.

…USA Inc. Ranks # 21 in Number of Troops Per Capita



Source: Stockholm International Peace Research Institute; Center for Strategic and International Studies, Business Monitor International.

Drill Down on USA Inc.
Entitlement + Interest + One-Time Expenses for F2010

1	2	3
Entitlement Spending	**Rising Debt Level & Interest Payments**	**Periodic Large One-Time Charges**
Medicaid (-$273B Net Loss*)	**Debt Level** ($9T Outstanding)	**TARP** ($26B Net Profit*2)
Medicare (-$272B Net Loss*1)	**Effective Interest Rates** (2.2%)	**Fannie Mae / Freddie Mac** (-$41B Net Loss*)
Unemployment Benefits (-$115B Net Loss*)	**Debt Composition**	**ARRA** (-$137B Net Loss*)
Social Security (-$75B Net Loss*1)		

*Note: *denotes F2010 net income / net loss of respective programs, data per White House OMB. 1) Medicare and Social Security net loss excludes Trust Fund interest income. 2) TARP net loss includes proceeds from sale of warrants. TARP is Troubled Asset Relief Program; ARRA is American Recovery & Reinvestment Act programs.*

Drill Down on USA Inc.
Entitlement Spending for F2010

1	2	3
Entitlement Spending	**Rising Debt Level & Interest Payments**	**Periodic Large One-Time Charges**
Medicaid (-$273B Net Loss*)	**Debt Level** ($9T Outstanding)	**TARP** ($26B Net Profit*2)
Medicare (-$272B Net Loss*1)	**Effective Interest Rates** (2.2%)	**Fannie Mae / Freddie Mac** (-$41B Net Loss*)
Unemployment Benefits (-$115B Net Loss*)	**Debt Composition**	**ARRA** (-$137B Net Loss*)
Social Security (-$75B Net Loss*1)		

*Note: *denotes F2010 net income / net loss of respective programs, data per White House OMB. 1) Medicare and Social Security net loss excludes Trust Fund interest income. 2) TARP net loss includes proceeds from sale of warrants. TARP is Troubled Asset Relief Program; ARRA is American Recovery & Reinvestment Act programs.*

Entitlement Spending: Lacks Sufficient Dedicated Funding

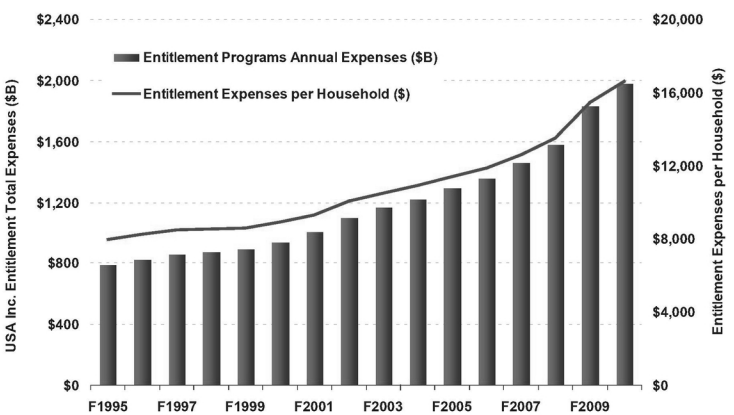
Entitlement programs were created with the best of intentions by the Government. They serve many of the nation's poorest, whose struggles have been made worse by the financial crisis.

However, with the exception of Social Security (which was developed with a pay-as-you-go funding plan and constructed to be legally flexible if conditions change) and unemployment insurance (which was designed to be flexible at State level), other entitlement plans (including Medicaid and Medicare) were developed **without** sufficient dedicated funding.

Here we drill down on the funding trends for entitlement plans …

Entitlement Spending: **Expenses Up 2x** Over 15 Years
Annual Entitlement Spending Per Household = $16,600 per Year

USA Inc. Annual Entitlement Programs' Total & Per-Household Expenses, F1995 – F2010



Note: Data are not adjusted for inflation. Entitlement programs include Social Security, Medicare, Medicaid, unemployment benefits, food & nutrition assistance, housing assistance and other. USA federal fiscal year ends in September; Source: White House Office of Management and Budget.

Entitlement Spending: Expenses Up 169% Over Past 15 Years, While Dedicated Funding Up Only 70%**

	F1995 •••	F2000 •••	F2005	F2006	F2007	F2008	F2009	F2010
Entitlement Revenue ($B)	**$484**	**$653**	**$794**	**$838**	**$870**	**$900**	**$891**	**$865**
Y/Y Growth	*--*	*7%*	*8%*	*6%*	*4%*	*4%*	*-1%*	*-3%*
Social Security	$351	$481	$577	$608	$635	$658	$654	$632
% of Revenue	*72%*	*74%*	*73%*	*73%*	*73%*	*73%*	*73%*	*73%*
Medicare	$96	$136	$166	$177	$185	$194	$191	$180
% of Revenue	*20%*	*21%*	*21%*	*21%*	*21%*	*22%*	*21%*	*21%*
Medicaid	$0	$0	$0	$0	$0	$0	$0	$0
Unemployment Insurance	$29	$28	$42	$43	$41	$40	$38	$45
% of Revenue	*6%*	*4%*	*5%*	*5%*	*5%*	*4%*	*4%*	*5%*
Other*	$8	$9	$9	$9	$9	$9	$8	$8
% of Revenue	*2%*	*1%*	*1%*	*1%*	*1%*	*1%*	*1%*	*1%*
Entitlement Expense ($B)	**$788**	**$937**	**$1,295**	**$1,357**	**$1,462**	**$1,582**	**$1,834**	**$1,984**
Y/Y Growth	*--*	*5%*	*6%*	*5%*	*8%*	*8%*	*16%*	*8%*
Social Security	$336	$409	$523	$549	$586	$617	$683	$707
% of Expense	*43%*	*44%*	*40%*	*40%*	*40%*	*39%*	*37%*	*36%*
Medicare	$160	$197	$299	$330	$375	$391	$430	$452
% of Expense	*20%*	*21%*	*23%*	*24%*	*26%*	*25%*	*23%*	*23%*
Medicaid	$108	$118	$182	$181	$191	$201	$251	$273
% of Expense	*14%*	*13%*	*14%*	*13%*	*13%*	*13%*	*14%*	*14%*
Unemployment Benefits	$24	$23	$35	$34	$35	$45	$123	$160
% of Expense	*3%*	*2%*	*3%*	*2%*	*2%*	*3%*	*7%*	*8%*
Other*	$161	$189	$256	$264	$275	$328	$347	$392
% of Expense	*20%*	*20%*	*20%*	*19%*	*19%*	*21%*	*19%*	*20%*
Entitlement Surplus / Deficit ($B)	**-$304**	**-$284**	**-$501**	**-$519**	**-$592**	**-$682**	**-$943**	**-$1,119**
Net Margin (%)	***-63%***	***-43%***	***-63%***	***-62%***	***-68%***	***-76%***	***-106%***	***-129%***

*Note: USA federal fiscal year ends in September; Medicaid is jointly funded by federal and state governments, and as a social welfare program (unlike a social insurance program like Medicare), there is no dedicated trust fund. *Other expenses include family & other support assistance, earned income tax credit, child tax credit and payments to states for foster care / adoption assistance. **We exclude Social Security & Medicare Part A trust funds interest income as they are accounting gains rather than real revenue. Source: White House Office of Management and Budget.*

Entitlement Spending: Observation About Social Security & Medicare Part A Trust Fund – More Like Accounting Values Than Real Dollars

- Social Security Trust Fund balance (accumulated annual surpluses + interest income) = $2.5 trillion as of 2009; Medicare Part A Trust Fund balance = $304 billion as of 2009. These surpluses were invested in a special (non-marketable) series of U.S. Treasury securities, which were then used to finance budget deficits in other parts of USA Inc. like Medicaid & Nutrition Assistance.
- As a result, many observers have argued that Social Security and Medicare Part A Trust Funds' balances are no more than accounting gains on paper owing to: 1) no 'real' assets (such as tradable stocks / real estates…) in these Trust Funds as the special U.S. Treasury securities are non-marketable and 2) the Treasury Department needs to raise taxes / cut other programs' spending / borrow more money in the future to meet any withdrawal requests.
- We think that for Social Security and Medicare Part A programs, their Trust Funds' balances have **legal value** as USA Inc. is legally obliged to repay the principal and interest on the Treasury securities held in respective Trust Funds.
- However, we think that these Trust Fund balances have **NO economic value** as these cumulative surpluses have been spent by USA Inc. to reduce the borrowing need in the past. When Social Security & Medicare begin net withdrawal from their Trust Funds (likely in 2017E), USA Inc.'s debt levels + interest payments growth could accelerate, owing to the double whammy of: 1) loss of revenue source (previous surpluses) and 2) additional Treasury redemption costs related to Trust Funds' withdrawal requests.
- Consequently, **we exclude Social Security and Medicare Trust Funds' balances and interest income** from our financial models and **calculate their liabilities on a net basis**.

Data source: Social Security Administration, Dept. of Health & Human Services, CBO. Note: the economic value of Social Security Trust Fund is subject to debate, for a different perspective, refer to Peter Dimond and Peter Orszag, "Saving Social Security: A Balanced Approach," p51 Box 3-5.

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Entitlement Spending: Non-Partisan CBO Advises Excluding Social Security / Medicare Trust Funds' Balances + Interest Income in Fiscal Analysis

Trust funds can be useful mechanisms for monitoring the balance between earmarked receipts and a program's spending, but they are basically an accounting device, and their balances, even if "invested" in Treasury securities, provide no resources to the government for meeting future funding commitments. When those payments come due, the government must finance them in the same way that it finances other commitments -- through taxes or borrowing from the public. Thus, assessing the state of the federal government's future finances requires measuring such commitments independently of their trust fund status or the balance recorded in the funds.

-- Congressional Budget Office (CBO)

"Measures of the U.S. Government's Fiscal Position Under Current Law," 8/04

Entitlement Spending: Funding Patterns of Some Entitlement Programs Work Better than Others

Have Worked Relatively Well Financially:

- **Social Security** – Has operated at close to break-even - so far - thanks to sufficient payroll tax income from a relatively large working-age population. In fact, Social Security has worked so well, that its surplus net income has been used to finance other government activities such as Medicaid.
- **Unemployment Insurance** – Has operated at close to break-even thanks to accumulated net incomes during 'good years' (though expenses spiked to $123 billion / $160 billion in 2009 / 2010 from $45 billion in 2008 owing to recession).

Have Worked Relatively Poorly Financially:

- **Medicaid** – Has operated at an average annual loss of $160 billion with, in effect, an average net margin of -100% over past 15 years; the annual dollar loss has risen from $108 billion to $273 billion because of rising healthcare costs and expanded enrollment.
- **Medicare** – Has operated at an average annual loss of $123 billion with, in effect, an average net margin of -83% over past 15 years; the margin has fallen from -66% to -154% (or -$64 billion in annual loss to -$272 billion) because of rising healthcare costs + expanding coverage (added Part D prescription drug benefits through legislation in 2003, rolled out in 2006).

Source: White House Office of Management and Budget.

Entitlement Spending: What The Programs Are and How They Have Evolved

Social Security Act signed into law by President Roosevelt. Created during the height of the Great Depression, the Act provides monetary support to retired people from payroll taxes paid by current workers and employers.

Social Security Trust Fund cash flow = $766 million.

Social Security Trust Fund balance started to decline.

Medicare Part D signed into law to provide federal subsidies to prescription drugs for Medicare beneficiaries.

Medicare cash flow (incl. Trust Fund interest) turned negative (-$5 billion).

1935 1937 1965 1975 1983 2003 2008 2010E

Unemployment Insurance signed into law as part of the Social Security Act, setting up a joint federal-state program (funded via taxing employers) to provide temporary monetary support to laid-off workers.

Medicare & Medicaid created to provide hospital & medical insurance to elderly & disabled.

Amendments to Social Security Act raising taxes to shore up funding for the Social Security Trust Fund.

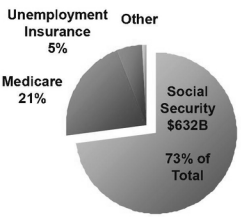
Social Security cash flow (ex. Trust Fund interest) projected to turn negative by Congressional Budget Office.

Source: Social Security Administration, Dept. of Health & Human Services.

Entitlement Spending: 76% Is Directed to Social Security + Medicare + Medicaid

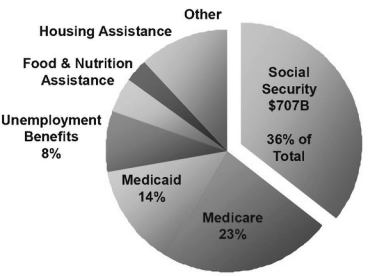
Dedicated Entitlement Revenue Breakdown, F2010

Total = $0.87T



Entitlement Spending Breakdown, F2010

Total = $1.98T



Note: USA federal fiscal year ends in September; Source: White House Office of Management and Budget.

Entitlement Spending: Observations from Previous Slide

- **Entitlement revenue was $0.87 trillion, yet entitlement spending was $1.98 trillion in F2010.**
- **Entitlement <u>spending exceeded entitlement revenue by 129%</u> in F2010.**
- Social Security (ex. Trust Fund interest income) accounted for 73% of dedicated entitlement revenue yet only 36% of entitlement spending in F2010 while Medicare accounted for 21% of revenue and 23% of spending and Medicaid accounted for 0% of revenue and 14% of spending.

Entitlement Spending: Clarification On 'Unfunded' / 'Net Responsibilities'…

- There is debate about the semantics of using words like unfunded / net responsibilities to describe the financial status of entitlement programs like Social Security, Medicare and Medicaid.
- **'Unfunded'** – We define 'unfunded' liabilities for Social Security and Medicare as the present value of future expenditures in excess of dedicated future revenue. We call Social Security and Medicare 'partially unfunded' entitlement programs as their future expenditures are projected to exceed dedicated future revenue.
- **<u>'Net Responsibilities'</u>** – USA Inc. does not record these 'unfunded' financial commitments as explicit liabilities on balance sheet, owing to Federal accounting standards.[1]
  - USA Inc.'s Dept. of Treasury calls these commitments 'net responsibilities' or 'net expenditures' in its annual *Financial Report of the U.S. Government*.
- **Medicaid** – We view Medicaid as an 'unfunded' liability as there is no dedicated revenue source to match expected expenses in our financial analysis. Medicaid is jointly funded on a pay-as-you go basis by Federal and State general tax revenue.

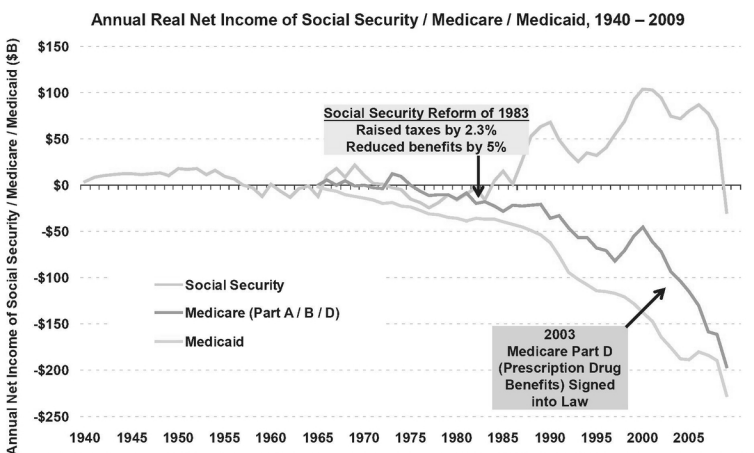
Note: 1) per Dept. of Treasury, "2004 Financial Report of the United States Government."

…Entitlement Spending: Clarification On 'Unfunded' / 'Net Responsibilities'

- Unless they are reduced, USA Inc.'s financial liabilities -- whether they are actual debt or the present value of future promises, whether called 'unfunded' liabilities or 'net responsibilities' and whether funded by dedicated taxes or general revenue – represent significant claims on USA Inc.'s future economic resources.

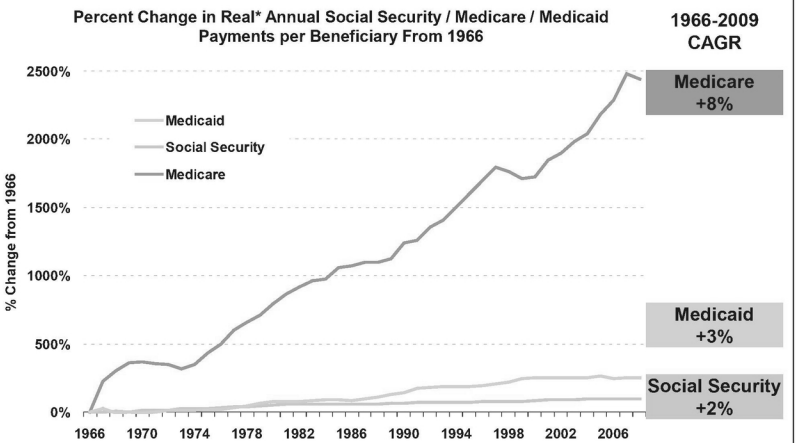
- To be sure, the projected unfunded liabilities are not the same as debt, because Congress can change the laws that are behind those future promises. With a few exceptions, however, over the past 60 years, lawmakers have acted to boost rather than reduce them.

Entitlement Spending: Social Security Funding Has Worked, So Far While Medicare/Medicaid Are Underfunded by $5.6 Trillion Since Inception in 1965



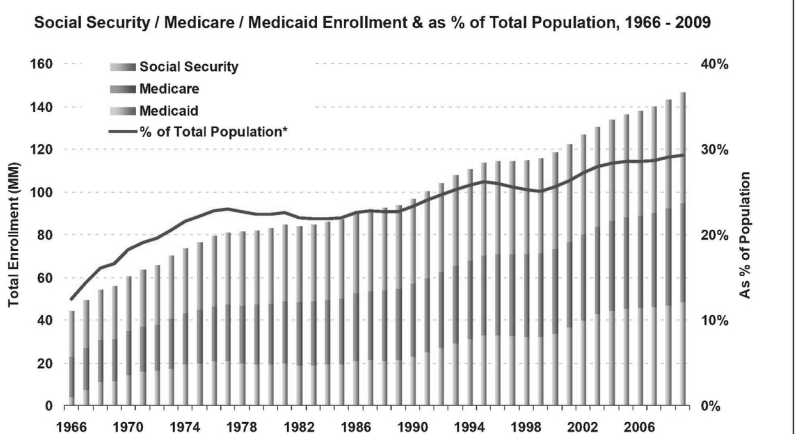
Note: Real net income are inflation-adjusted using White House OMB's GDP price index (based on BEA's data); calculated as total revenue (tax receipts, excluding trust fund interest revenue) minus total expenditures; Medicare Part B / D and Medicaid do not have dedicated funding source. Source: Social Security Administration, White House Office of Management and Budget.

Entitlement Spending: Medicare & Medicaid Payments per Beneficiary Have Risen Faster than Social Security Payments Owing to Rising Healthcare Costs + Expanded Coverage



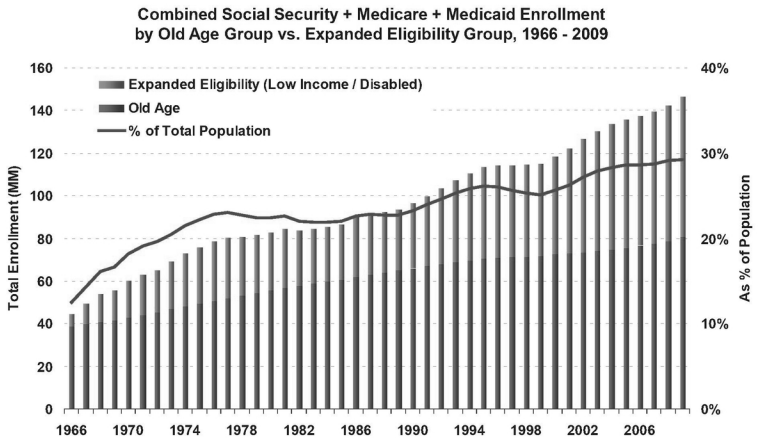
Note: Data are inflation adjusted using White House OMB's GDP price index (based on BEA's data).
Source: Social Security Administration, Dept. of Health & Human Services.

Entitlement Spending: Program Beneficiaries (Now 29%* of Population vs. 13%* in 1966) Have Grown Faster than Population Owing to Aging Population + Expanded Eligibility



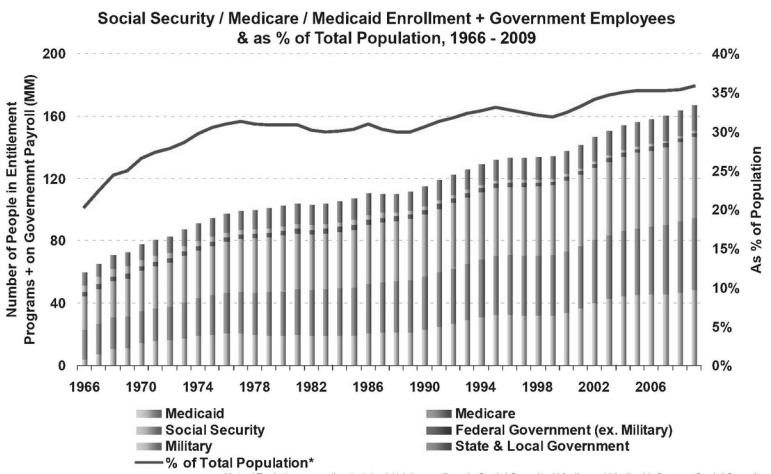
*Note: *Excludes our estimated dual / triple enrollees in Social Security / Medicare / Medicaid. Source: Social Security Administration, Dept. of Health & Human Services.*

Entitlement Spending: While Beneficiaries From Aging Population Rose 2x From 1966 to 2009, Beneficiaries From Expanded Eligibility (Low-Income / Disabled) Rose 10x



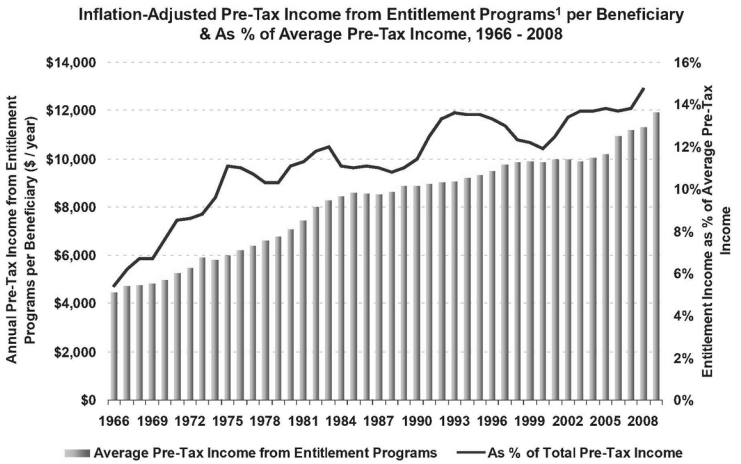
*Note: *Excludes our estimated dual / triple enrollees in Social Security / Medicare / Medicaid. Source: Social Security Administration, Dept. of Health & Human Services.*

Entitlement Spending: Entitlement Program + Government Employee Beneficiaries Are Now 36%* of Population vs. 20%* in 1966



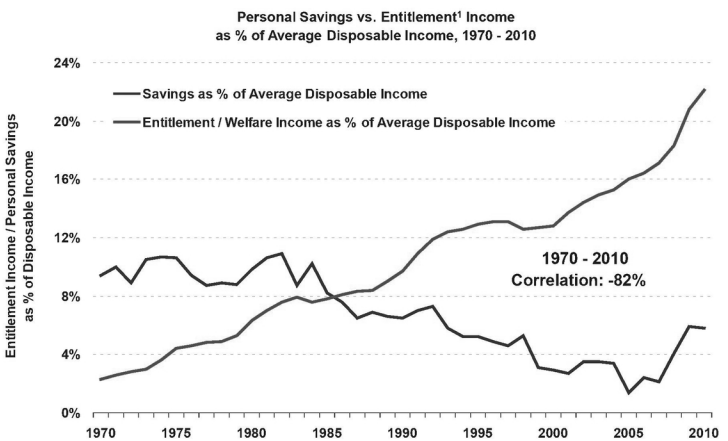
*Note: *Excludes our estimated dual / triple enrollees in Social Security / Medicare / Medicaid. Source: Social Security Administration, Dept. of Health & Human Services, Bureau of Economic Analysis.*

Entitlement Spending per Beneficiary: Inflation-Adjusted Average Pre-Tax Income from Entitlement Programs Has Gone Up 3x Since 1966 to $12K in 2008, or 15% of Average Pre-Tax Income



Note: 1) Entitlement Income calculated as Government Social Benefits to persons less Veterans benefits.
Source: Social Security Administration, Dept. of Health & Human Services, Bureau of Economic Analysis.

Entitlement Spending: Rising Entitlement Income Is Highly Correlated (82%) with Falling Personal Savings



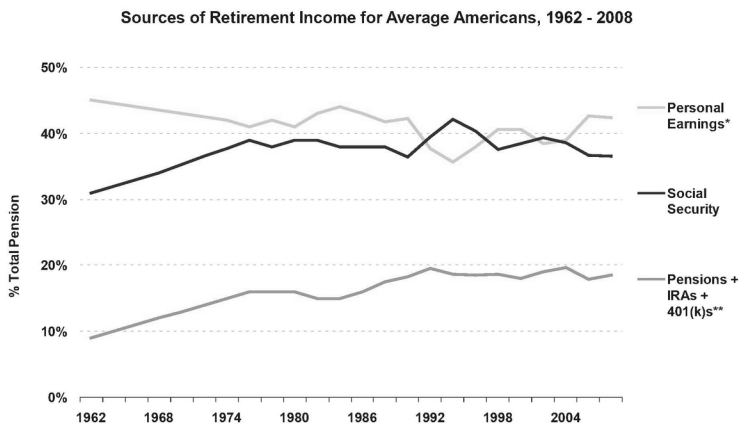
Note: 1) Entitlement Income calculated as Government social benefits to persons in the NIPA series Table 2.1. Savings rate is the amount of money saved divided by income after taxes.
Sources: BEA

Entitlement Spending: Observation from Previous Slide

- Clearly, lower interest rates have allowed Americans to borrow more and save less. But given the high correlation between rising entitlement income for beneficiaries and declining savings rates, one might also wonder if Americans feel less compelled to save money as they feel that they can depend on the government to give them money.

Note: Savings rate is the amount of money saved divided by income after taxes.

Entitlement Spending: Social Security Now Provides 37% of an Average Retiree's Income, Up From 31% in 1962



*Note: *Personal earnings include income from investment & assets + salaries; ** occupational pensions include regular payments from private pensions, government employee pensions, IRAs, 401(k)s. Source: Social Security Administration Office of Retirement and Disability Policy*

Next, We Drill Down on Entitlement Programs…

- **We begin with the programs with the least sound financials (Medicaid and Medicare) and end with the programs with the most sound financials (Unemployment Insurance and Social Security), as of today.**

- **We then move to a drilldown of rising healthcare costs after the Medicaid and Medicare drilldowns.**

1	2	3
Entitlement Spending	**Rising Debt Level & Interest Payments**	**Periodic Large One-Time Charges**
Medicaid (-$273B Net Loss*)	**Debt Level** ($9T Outstanding)	**TARP** ($26B Net Profit*2)
Medicare (-$272B Net Loss*1)	**Effective Interest Rates** (2.2%)	**Fannie Mae / Freddie Mac** (-$41B Net Loss*)
Unemployment Benefits (-$115B Net Loss*)	**Debt Composition**	**ARRA** (-$137B Net Loss*)
Social Security (-$75B Net Loss*1)		

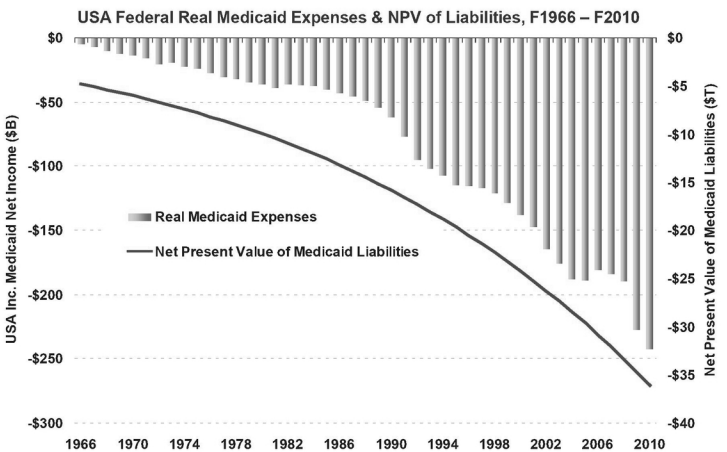
*Note: *denotes F2010 net income / net loss of respective programs, data per White House OMB. 1) Medicare and Social Security net loss excludes Trust Fund interest income. 2) TARP net loss includes proceeds from sale of warrants. TARP is Troubled Asset Relief Program; ARRA is American Recovery & Reinvestment Act programs.*

Medicaid: Facing Accelerating Cash Flow Deficits

- **Social Welfare Program** – Created in 1965 to provide health insurance to low-income population (2% of Americans under coverage then and 16% now*).
- **No Dedicated Funding** – Federal funding comes from general revenue (all forms of tax receipts).
- **Ever-Growing Expenses** – $273 billion in F2010, up 2x from 10 years ago.
  - **Rising Healthcare Costs –** Owing to aging population + unhealthy life styles + technology advances.
  - **Growing Beneficiary + Benefits** – Covered beneficiaries expanded beyond low-income group in 1980s to include additional groups (like individuals who have high medical expenses and have spent down their assets, and some of those who lost their employer-sponsored healthcare insurance coverage in recession), while covered benefits expanded to include prescription drugs / dental services. **Total expenditures on these new groups and benefits represented ~60% of Medicaid program's spending in 2001, per Kaiser Family Foundation estimates. See slide 319-322 for more details.**
  - **Moral Hazard** – As a "free good," Medicaid reduced demand for private long-term insurance[1] while regulation loopholes + need-based benefit policies created incentives to abuse the Medicaid reimbursement system.

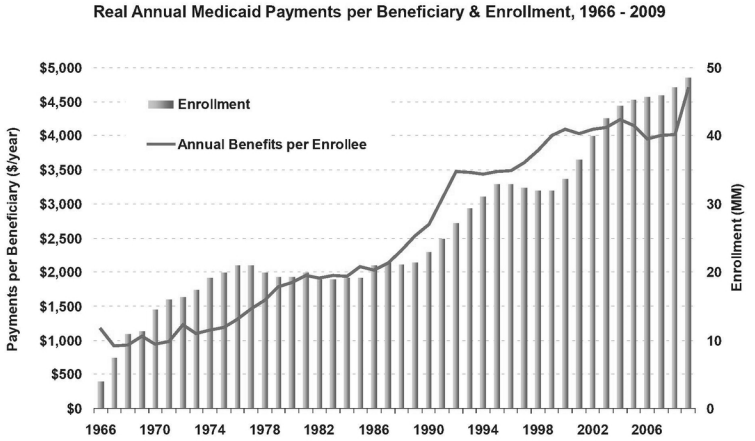
*Note: 1) for more information, please see Jeffrey Brown and Amy Finkelstein, "The Interaction of Public and Private Insurance: Medicaid and the Long-Term Care Insurance Market," 2006. *Medicaid enrollment was 4MM (population 196MM) in 1966 and 50MM (population 305MM) in 2009. Source: National Center for Health Statistics, Kaiser Family Foundation, World Bank, Social Security Administration.*

Medicaid: Underfunded by $3.7 Trillion Over 45 Years, With No Dedicated Funding



Note: USA federal fiscal year ends in September; Data are inflation adjusted. Calculation of net present value of liability based on 75-year Medicaid spending projections from CBO, assuming a 3% discount rate (long-run average of real 10-yr treasury yields). Source: White House Office of Management and Budget, Congressional Budget Office.

Medicaid: Enrollment Is Up 12x to 49 Million While Annual Payments per Beneficiary Are Up 4x to $5K From 1966 to 2009



Note: Data are inflation adjusted. Source: Dept. of Health & Human Services.

Medicaid: Observations

- **49 million (26MM low-income children / 12MM low-income adults / 7MM disabled / 4MM elderly) Americans (16% of population) received an average of $4,684 in tax-payer funded payments from the federal government for healthcare in 2009. For context, $6,872 in healthcare benefits is 13% of average annual per-capita income for Americans.**
- When Medicaid was created in 1965 to provide health insurance to low-income Americans, 1 in 50 Americans received Medicaid, now 1 in 6 Americans receives Medicaid.
- That said, Medicaid is an important benefit for recipients as it provides access to healthcare for low-income adults and their children. In recent years, Medicaid beneficiaries and benefit payments have risen faster than population and per-capita income growth owing to expanded coverage, economic difficulties and associated sluggish wage growth for low- and lower-middle-income families, and continued healthcare cost inflation.

Note: Data are inflation adjusted. Source: Dept. of Health & Human Services.

Medicaid: While We Focus on Federal Government Dynamics, It's Notable that State Government Medicaid Funding Also Faces Significant Challenges

- **Medicaid = Major and Growing Expense Line Item for State Governments**
  - Medicaid funding responsibility is shared between federal & state governments. States with higher per-capita income (like New York) pay ~50% of total Medicaid cost while states with lower per-capita income (like Mississippi) pay ~22%.
  - On average, Medicaid accounted for 21% of total state spending in F2009 (ranging from Missouri at 35% to Alaska at 8%). Enrollment growth has been accelerating, in part, owing to more people losing employer-sponsored health insurance in the recession, and thus overall Medicaid costs jumped ~11% Y/Y from October, 2009 to June, 2010.
  - State governments (which unlike the federal government must balance their annual budgets) cannot pay for such elevated levels of Medicaid and maintain normal spending levels for other services (like education and public safety).
- **Enter the Federal Government**
  - ARRA (2009 economic stimulus) provided ~$100 billion in support for the states to pay for elevated levels of Medicaid costs and to avoid large budget cuts in education and public safety. This went a long way toward holding down the states' contribution, but it is a one-time unsustainable fix.
- **Federal Support May Be Expiring by June, 2011**
  - If no action is taken, the Medicaid-related cost burden on the states will rise dramatically in coming years. As a result, many states are on the verge of implementing Medicaid cost containment plans that include cuts in doctor payments, benefit limitations, higher patient co-payments, etc. Moreover, many states are fearful that the recently enacted healthcare reform will lead to additional Medicaid-related costs when it goes into full effect in 2014.

Data Source: National Conference of State Legislatures, "State Budget Update: July 2009."

Entitlement Spending

- **Medicaid** (-$273B Net Loss*)
- **Medicare** (-$272B Net Loss*1)
- **Unemployment Benefits** (-$115B Net Loss*)
- **Social Security** (-$75B Net Loss*1)

Rising Debt Level & Interest Payments

- **Debt Level** ($9T Outstanding)
- **Effective Interest Rates** (2.2%)
- **Debt Composition**

Periodic Large One-Time Charges

- **TARP** ($26B Net Profit*2)
- **Fannie Mae / Freddie Mac** (-$41B Net Loss*)
- **ARRA** (-$137B Net Loss*)

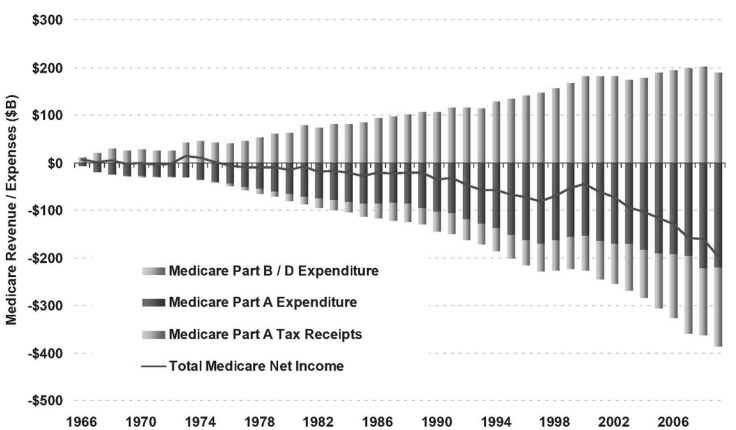
*Note: *denotes F2010 net income / net loss of respective programs, data per White House OMB. 1) Medicare and Social Security net loss excludes Trust Fund interest income. 2) TARP net loss includes proceeds from sale of warrants. TARP is Troubled Asset Relief Program; ARRA is American Recovery & Reinvestment Act programs.*

Medicare: Complex Social Insurance Program With Insufficient Funding

- **Social Insurance Program** – Created in 1965 to provide health insurance to the elderly (65+).
- **Four Parts** – A) Hospital Insurance (to cover inpatient expenses, introduced in 1965); B) Medical Insurance (optional outpatient expenses, 1965); C) Medicare Advantage Plans (private alternative to A&B, 1997) and D) Prescription Drug Coverage (enacted 2003).
- **Funding Mechanism Varies**
  - Part A has dedicated funding via payroll taxes (2.9% of total payroll), though has been running at an annual deficit since 2008 as related payments exceed taxes; Trust Fund is expected to be depleted by 2017E, per Social Security Administration.
  - Part B & D has no dedicated funding (75% of funding came from government allocation / 25% came from enrollees' premium payments).
  - Part C funding came Part A & Part B.
- **Ever-Growing Expenses – $452 billion expenses in F2010, up 2x from 10 years ago**
  - Rising Healthcare Costs – Owing to aging population + unhealthy life styles + technology advances.
  - Moral Hazard – As a "free good," Medicare reduced demand for private long-term insurance[1] while loopholes in the regulations + need-based benefit policies created incentives to abuse the system.

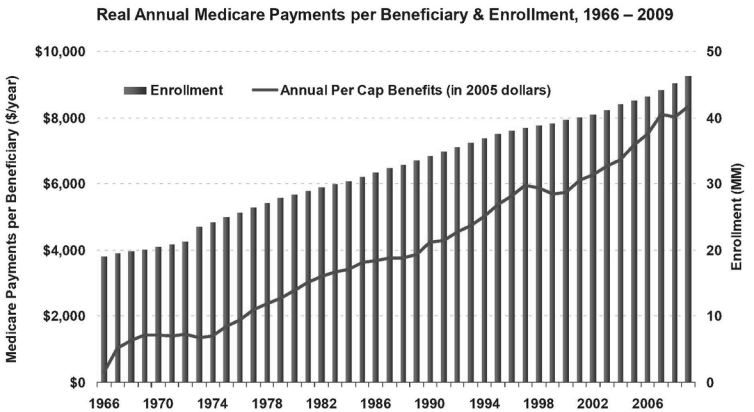
Note: 1) for more information, please see Jeffrey Brown and Amy Finkelstein, "The Interaction of Public and Private Insurance: Medicaid and the Long-Term Care Insurance Market," 2006. Source: National Center for Health Statistics, Kaiser Family Foundation, World Bank, Social Security Administration.

Medicare: Underfunded by $1.9 Trillion Over 45 Years



Note: Medicare Part A (hospital insurance) has dedicated trust fund while Part B (medical insurance) and Part D (prescription drug benefits) do not have dedicated funding. Data are inflation adjusted. Source: Dept. of Health & Human Services..

Medicare: Enrollment Up 2x to 46 Million While Annual Payments per Beneficiary Up 26x to $8,325 From 1966 to 2009



Note: Data are inflation adjusted using BEA's GDP price index. Source: Dept. of Health & Human Services.

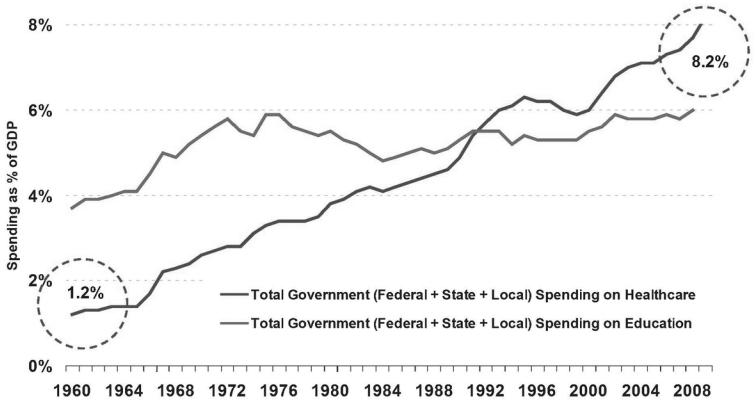
Medicare: Observations

- **46 million elderly Americans (15% of population) received an average of $8,325 in tax-payer funded payments for healthcare in 2009 ($5,079 for hospital care; $3,246 for medical insurance & prescription drugs).**
- **On the surface, $8,325 in free healthcare benefits every year certainly seems like a high number – 23% of annual per-capita income – (although working Medicare recipients do pay Medicare taxes).**
- As with employer-sponsored health insurance plans, if people, in effect, get a free benefit (with little personal financial commitment), they may not be especially diligent and frugal about how they 'spend' it. The same concept extends beyond healthcare recipients to the healthcare providers.*
- When Medicare was created in 1965 to provide health insurance to elderly Americans, 1 in 10 Americans received Medicare, now 1 in 7 Americans receives Medicare…above the initial 'plan.'

*Note: *The issue that people overuse services for which they do not have personal financial commitment applies to most private insurance as well. For a more detailed discussion, see slide 293. Data are inflation adjusted using BEA's GDP price index. Source: Dept. of Health & Human Services.*

Total Government* Healthcare Spending Increases are Staggering – Up **7x** as % of GDP Over Five Decades vs. Education Spending, Only Up **0.6x**

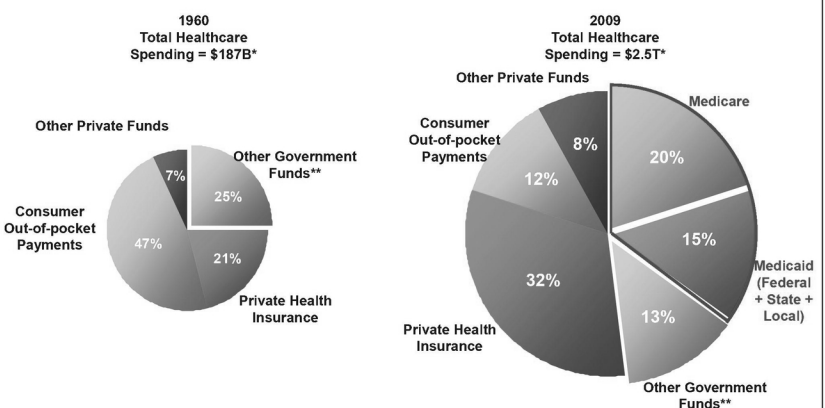
USA Total Government Healthcare vs. Education Spending as % of GDP, 1960 – 2009



*Note: *Total government spending on healthcare includes Medicare, Medicaid and other programs such as federal employee and veteran health benefits; total government spending on education includes spending on pre-primary through tertiary education programs. Source: Dept. of Education, Dept. of Health & Human Services.*

Since Their Creation in 1965, Medicare + Medicaid Have Grown to **35%** of Total USA, Inc. Healthcare Spending in 2008 from **0%**

USA Total Healthcare Spending by Funding Source, 1960 vs. 2009



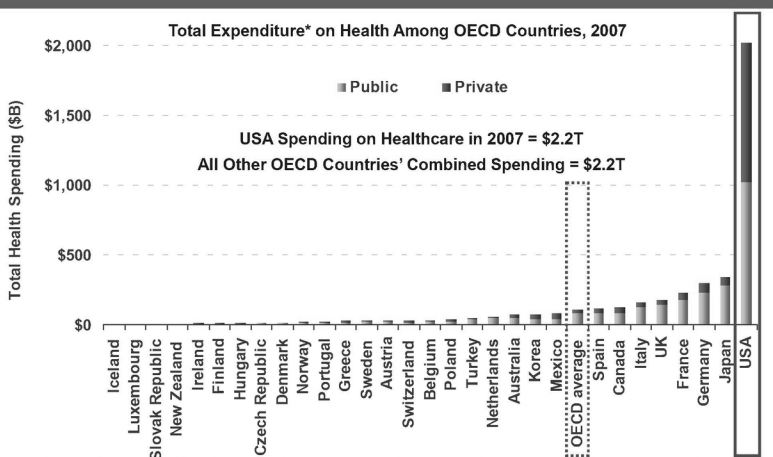
*Note: *Adjusted for inflation, in 2005 dollars. ** Other government funds include those from Dept. of Defense, Veterans' Administration and federal funding for healthcare research and public health activities. Source: U.S. Department of Health & Human Services.*

Think About That…

- **Total government spending on healthcare (including Medicare, Medicaid and other programs) has risen 7x from 1.2% of GDP in 1960 to 8.2% in 2009 while total government spending on education has risen only 0.6x from 4% of GDP in 1960 to 6% in 2009.**
- Medicare and Medicaid, which did not exist in 1960, rose to 35% of total healthcare spending in 2009, while out-of-pocket spending declined to 12% of total healthcare spending in 2009 (or $894 per person per year*), down from 47% in 1960 (or $478 per person*).
- Lifetime healthcare costs for the average American are $631,000, of which the government pays for an estimated 48% while private insurers (like UnitedHealth and Blue Cross Blue Shield) pay 32% and consumers pay just 12%.
- When citizens don't need to pay directly for something (like healthcare) and are given an expensive good / service for free (or well below cost), they tend to consume more of it – it's basic supply and demand economics.
- This approach faces increasing challenges as USA, Inc. has gone deeper and deeper in debt to pay for it…

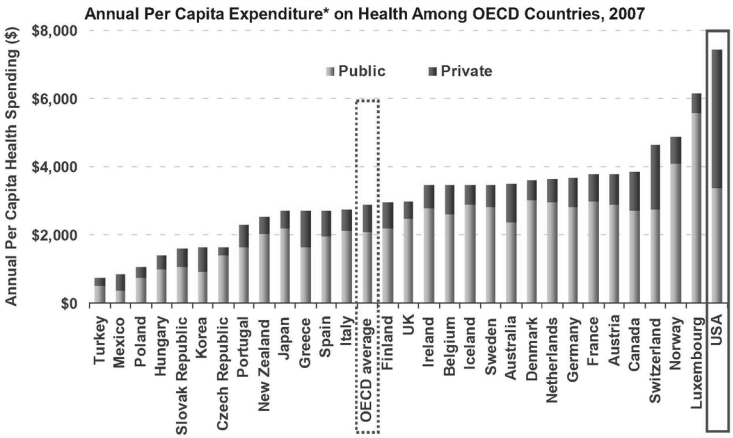
*Note: *Adjusted for inflation, in 2005 dollars. Nominal amount would be $972 out-of-pocket healthcare spending per person in 2008 and $70 per person in 1960. Source: U.S. Department of Health & Human Services.*

USA Healthcare Spending Is Higher Than All Other OECD Countries Combined (with 35% of Other OECD Countries' Combined Population)



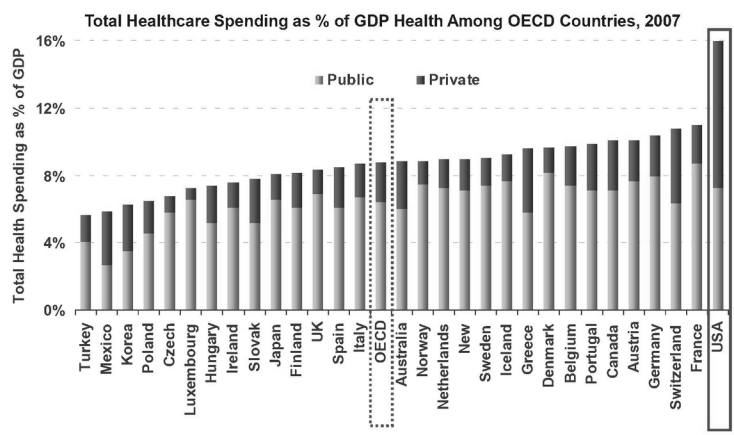
*Note: OECD data adjusted for Purchasing Power Parity. *Total expenditure on health measures the final consumption of health goods and services (i.e., current health expenditure) plus capital investment in healthcare infrastructure. This includes spending by both public and private sources (including households) on medical services and goods, public health and prevention programs, and administration. Excluded are health-related expenditures such as training, research, and environmental health. Source: OECD, Organization for Economic Co-operation and Development is an international organization of 31 developed and emerging countries with a shared commitment to democracy and the market economy.*

USA Per Capita Spending on Healthcare = 3x OECD Average



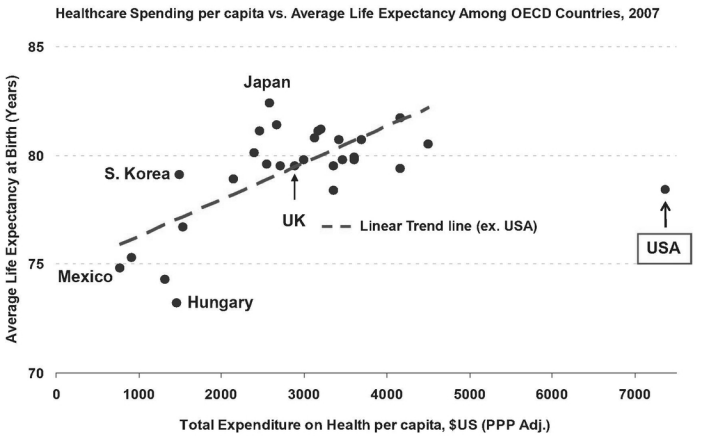
*Note: OECD data adjusted for Purchasing Power Parity. *Total expenditure on health measures the final consumption of health goods and services (i.e., current health expenditure) plus capital investment in healthcare infrastructure. This includes spending by both public and private sources (including households) on medical services and goods, public health and prevention programs, and administration. Excluded are health-related expenditures such as training, research, and environmental health. Source: OECD.*

USA Spending on Healthcare as % of GDP = 2x OECD Average



*Note: OECD data adjusted for Purchasing Power Parity. *Total expenditure on health measures the final consumption of health goods and services (i.e., current health expenditure) plus capital investment in healthcare infrastructure. This includes spending by both public and private sources (including households) on medical services and goods, public health and prevention programs, and administration. Excluded are health-related expenditures such as training, research, and environmental health. Source: OECD.*

USA Spending on Healthcare **IS NOT** Performance-Based and **IS NOT** Correlated to Longer Life Expectancy



Source: OECD.

In Addition to Life Expectancy, USA Falls Behind OECD Averages in Many Other Health Indicators

2007 Health Indicators	USA	OECD Median	USA Ranking (1 = Best, 30 = Worst) RED = Below Average
Obesity (% of total population)	**34**	**15**	30
Infant Mortality (per 1,000 live births)	**7**	**4**	27
Medical Resources Available (per 1,000 population)			
Total Hospital Beds	**3**	**6**	25
Practicing Physicians	**2**	**3**	22
Doctors' Consultations per Year	**4**	**6**	19
MRI Machines* (per million population)	**26**	**9**	1
Cause of Death (per 100,000 population)			
Heart Attack	**216**	**178**	22
Respiratory Diseases	**60**	**45**	21
Diabetes	**20**	**12**	20
Cancer	**158**	**159**	14
Stroke	**33**	**45**	8

*Note: *MRI is Magnetic Resonance Imaging. Source: OECD.*

Think About That…

- **USA per capita healthcare spending is 3x OECD average, yet the average life expectancy and a variety of health indicators in the US fall below average.**
- **But if you spend way more than everyone else, shouldn't your results (a.k.a. 'performance') be better than everyone else's, or at least near the top?**
- **Should you examine sources of waste/inefficiency given lower output despite greater input?**
- **Definition of 'Performance' = Amount of useful work accomplished given certain amount of time and resources.**
- **Definition of 'Efficient' = Obtains maximum benefit from a given level of input of cost, time, or effort.**

*Note: OECD data adjusted for Purchasing Power Parity. * Lifetime healthcare costs = life expectancy (years) x per capita healthcare spending ($ per year, 2006). Source: OECD, US Dept. of Health & Human Services.*

Patient Protection and Affordable Care Act (PPACA)

PPACA – America's new healthcare reform legislation, signed into law on 3/23/10 – creates some reason for concern that it could become an unfunded entitlement.

PPACA: A Detailed Drilldown into Costs of Recent Healthcare Reform Is Key as it **May Increase** Budget Deficit…

- **Congressional Budget Office expects Reform to *lower* the deficit by $143 billion during 2010-19**
  - Gross cost of $938 billion for expanded coverage, per CBO.
  - Less: $511 billion in spending cuts from lower Medicare reimbursement rate + $420 billion in tax revenues (excl. excise tax) from higher payroll tax rates on high-income families and indoor tanning services + $149 billion in penalty payments by employers/individuals and excise tax on "Cadillac" insurance plans with annual cost exceeding $10,000 for individual / $28,000 for families.

Source: CBO.

PPACA – Verdict Is Still Out on Eventual Costs / Deficit Impact

- Issues With Official Cost Estimates to Consider
  - Deficit neutral status somewhat reliant on future lawmakers' willingness to implement Medicare savings/reimbursement reductions:
    - Reductions in payment rates for many types of Healthcare providers relative to the rates that would have been paid under prior law (always a politically difficult decision).
    - However the good news is that recommendations from the Independent Payment Advisory Board focused on reducing growth in per capita Medicare spending if it exceeds target automatically become the law without congressional intervention if Congress allows IPAB to operate as planned.
  - CBO estimates the effects of proposals as written: CBO acknowledges that it is unclear whether reform can actually reduce the annual growth rate in Medicare spending from 4% (historical average) to 2% for the next two decades, as PPACA estimates assume.
  - Relies on excise taxes on sectors of the healthcare industry that could be passed through to consumers via price increases.
  - Starting in 2018, assumes taxation of high premium employment-based health insurance plans.
- Opportunities For Cost Savings to Consider
  - Increased access to preventative care could potentially slow down overall healthcare cost growth. Such potential effect is not captured in CBO scoring.
  - Investments in information technology and new provider & consumer incentives can drive better and more efficient care.

Source: Morgan Stanley Healthcare Research.

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PPACA – There Is Potential for 'Unintended' Consequences

- The new law changes some system incentives, which may lead to new behavior patterns, many of which are complex and hard to predict.
  - The market may adapt to new MLR (Medical Loss Ratio) rules that incentivize and reward a very specific (but ultimately arbitrary) cost structure.
  - The cost/benefit analysis for employers and consumers may change, and some may opt to re-evaluate their current employer-sponsored coverage offerings.
- Health plans that are no longer economically viable may exit markets, potentially adding to the uninsured problem prior to 2014.
- Likely acceleration in consolidation of payers as well as providers.

Source: Doug Simpson, Morgan Stanley Healthcare Research.

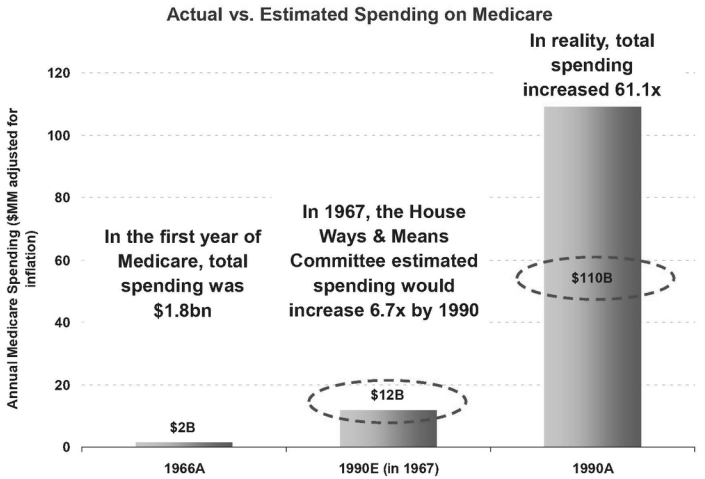
Historical Anecdote – "An Accurate Economic Forecast Might Have Sunk Medicare & Medicaid [in 1965]"

- In 1965, the official estimate of Medicare's costs was $500 million per year, roughly $3 billion in 2005 dollars.*
- <u>The actual cost of Medicare has turned out to be 10x that estimate.</u>
  - Medicare's actual net loss (tax receipts + trust fund interest – expenditures) has exceeded $3 billion (adjusted for inflation) every year since 1976 and was $146 billion in 2008 alone. In other words, had the original estimate been accurate, the cumulative 43-year cost since Medicare was created would have been $129 billion, adjusted for inflation.
  - In fact, the actual cumulative spending has been $1.4 trillion** (adjusted for inflation)...in effect, 10x over budget.
- While calculations have been flawed from the beginning for some of USA Inc.'s entitlement programs, little has been done to correct the problems.

> ***An accurate economic forecast might have sunk Medicare.***
>
> *David Blumenthal and James Morone*
>
> *"The Lessons of Success – Revisiting the Medicare Story", November 2008*

*Sources: * Lyndon B. Johnson Library & Museum. Medicare spending data per White House OMB.*
***Dept. of Health & Human Services, CMS, data adjusted for inflation based on BEA's GDP price index.*

If History is a Guide, There is Potential for Estimates to Understate Eventual Costs – Medicare Is 10x Higher Than Spending Forecast

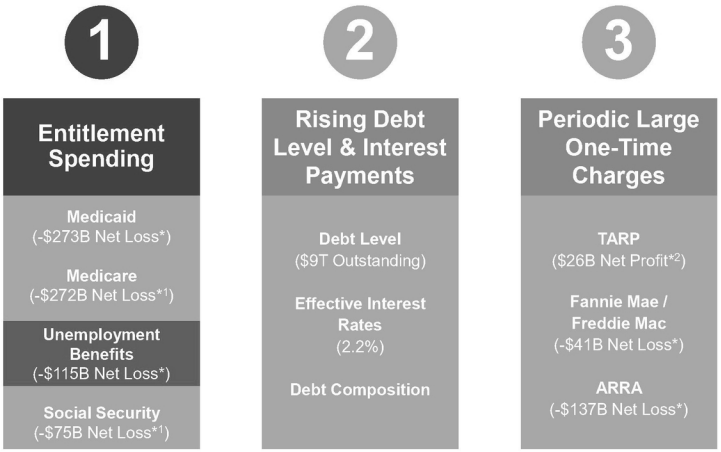


Source: Senate Joint Economic Committee Report, 7/31/09

However, More Recent Healthcare Entitlement Such as Medicare part D Has Cost Less Than Expected

- Medicare Part D (the 2006 outpatient drug benefit for seniors) was projected to cost $111 billion annually.
- In 2009, Medicare Part D's actual cost = $61 billion, 45% below projection.
- The government originally projected 43 million beneficiaries in 2009, but only 33 million seniors (23% below projection) elected to participate in 2009.
- Medicare Part D was outsourced to the private sector, and seniors elected to enroll in plans operated primarily by managed care organizations, which utilize a variety of techniques to reduce costs and improve the quality of care.
- *The Washington Times* stated on August 16th 2010 – "The lower cost - a result of slowing demand for prescription drugs, higher use of generic drugs and fewer people signing up - has surprised even some of the law's most pessimistic critics."
- The Part D experience has given some observers hope that PPACA will not cost more than anticipated.

Source: Morgan Stanley Healthcare Research.



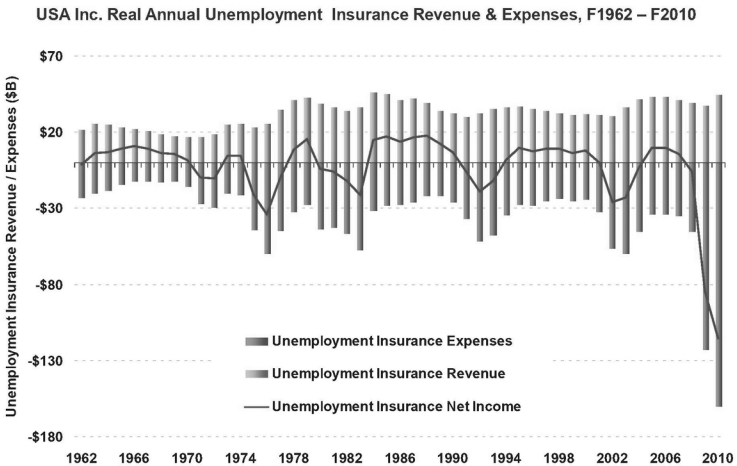
*Note: *denotes F2010 net income / net loss of respective programs, data per White House OMB. 1) Medicare and Social Security net loss excludes Trust Fund interest income. 2) TARP net loss includes proceeds from sale of warrants. TARP is Troubled Asset Relief Program; ARRA is American Recovery & Reinvestment Act programs.*

Unemployment Benefits: Long-Term Break-Even, Though Prone to Cyclicality

- **Social Insurance Program** – Created in 1935 as part of the Social Security Act to provide temporary financial assistance to eligible workers who are unemployed through no fault of their own (via layoffs or natural disasters).
- **Funded via Taxing Employers** – Employers pay federal government 0.8% of payroll (in addition to various levels of state unemployment insurance taxes) to fund the Federal Unemployment Insurance Trust Fund.
- **Funding = Pro-Cyclical** – Rising employment increases revenue and reduces benefit payments, generally leading to surpluses, while falling employment reduces revenue and increases benefits payments, leading to periodically large deficits during recessions.
- **Flexible at the State Level by Design** – State governments set policies on unemployment benefit eligibility / duration / tax levels, while federal government provide financial and legal oversight.
- **Generally Break-Even** – In 29 of the past 49 years, Federal unemployment insurance programs have had surpluses. Excluding the 2009 / 2010 loss, unemployment insurance had a cumulative surplus of $53 billion from 1962 to 2008.

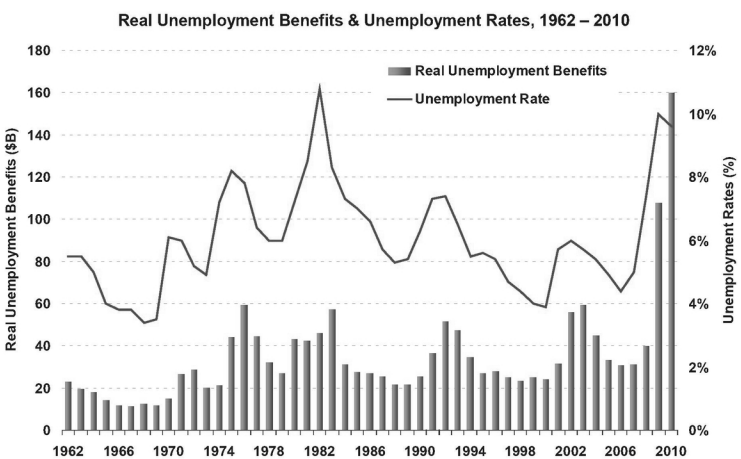
Source: White House OMB.

Unemployment Benefits: Solid, Though Cyclical, Funding But Underfunded by $150B Over 49 Years Owing to -$115B* Deficits in 2010



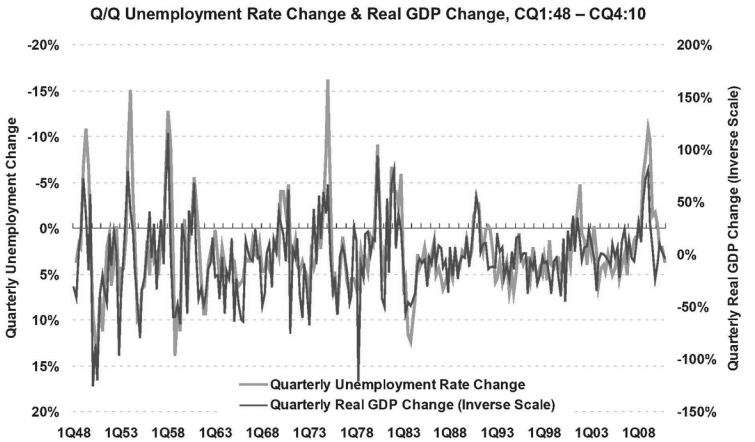
*Note: USA federal fiscal year ends in September; *all data inflation-adjusted, based on 2005 dollars.*
Source: White House Office of Management and Budget.

Unemployment Benefits: In the Past, Benefits Paid Have High (70%) Correlation to Unemployment Rate



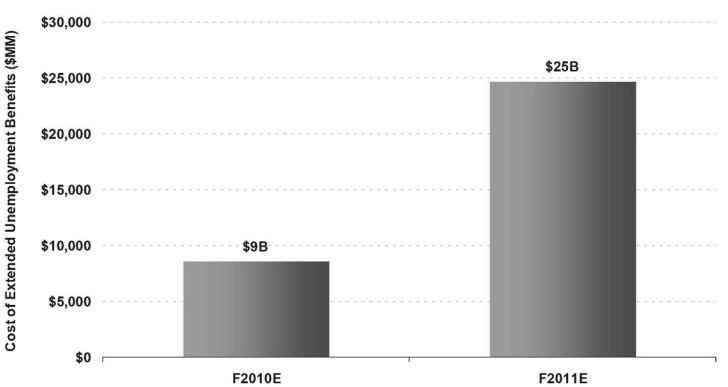
Note: Fiscal year ends in September. Source: White House Office of Management & Budget, Bureau of Labor Statistics.

Unemployment Benefits: Good News—Unemployment Change In the Past Has Strong (71%) Inverse Correlation with Real GDP Change, so Economic Growth Should Reduce Unemployment



Source: Bureau of Economic Analysis, Bureau of Labor Statistics.

Unemployment Benefits: Bad News—Newly Extended Unemployment Benefits Could Cost USA Inc. $34 Billion in Next Two Years



Note: Net cost of the Unemployment Compensation Extension Act of 2010 is expected to decline substantially in F2012E because the deadline to file for extended unemployment benefits expires in November 2010 and federal extended unemployment insurance provides benefits for up to 99 weeks (less than two years). Source: Congressional Budget Office, 7/10.

Unemployment Benefits: Bad News—Structural Problems in Labor Force Could Lead to Prolonged Duration/Increased Rate of Unemployment

- **Structural Problems in USA Labor Force**
  - **Healthcare costs may be a barrier to hiring for employers**
    - Healthcare benefits = 8% of average total employee compensation; grew at 6.9% CAGR from 1998 to 2008 compared with 4.5% CAGR in salaries.
    - Healthcare benefits are fixed costs as they are paid on an annual per-worker basis and do not vary with hours worked.
    - As employers try to lower fixed costs to right-size to their reduced revenue levels, layoffs are the only way to reduce fixed healthcare costs.
  - **Skills mismatch may be a barrier to hiring for employers**
    - A large portion of the long-term unemployed may lack requisite skills.
    - 14% of firms reported difficulty filling positions due to the lack of suitable talent, per 5/10 Manpower Research survey.
  - **Labor immobility resulting from the housing bust may be a barrier to hiring**
    - One in four homeowners are "trapped" because they owe more than their houses are worth, so they cannot move to take another job – until they sell or walk away.

Source: Richard Berner, "Why is US Employment So Weak" (7/23/10), Morgan Stanley Research.

Unemployment Benefits: Bad News

Although economists have shown that extended availability of UI [unemployment insurance] benefits will increase unemployment duration, the effect in the latest downturn appears quite small compared with other determinants of the unemployment rate. Our analyses suggest that extended UI benefits account for about 0.4 percentage point of the nearly 6 percentage point increase in the national unemployment rate over the past few years. It is not surprising that the disincentive effects of UI would loom small in the midst of the most severe labor market downturn since the Great Depression.

Despite the relatively minor influence of extended UI, it is important to note that the 0.4 percentage point increase in the unemployment rate represents about 600,000 potential workers who could become virtually unemployable if their reliance on UI benefits were to continue indefinitely.

Rob Valletta and Katherine Kuang, Federal Reserve Board of San Francisco
"Extended Unemployment and UI Benefits," April 19, 2010.

Entitlement Spending

Medicaid
(-$273B Net Loss*)

Medicare
(-$272B Net Loss*[1])

Unemployment Benefits
(-$115B Net Loss*)

Social Security
(-$75B Net Loss*[1])

Rising Debt Level & Interest Payments

Debt Level
($9T Outstanding)

Effective Interest Rates
(2.2%)

Debt Composition

Periodic Large One-Time Charges

TARP
($26B Net Profit*[2])

Fannie Mae / Freddie Mac
(-$41B Net Loss*)

ARRA
(-$137B Net Loss*)

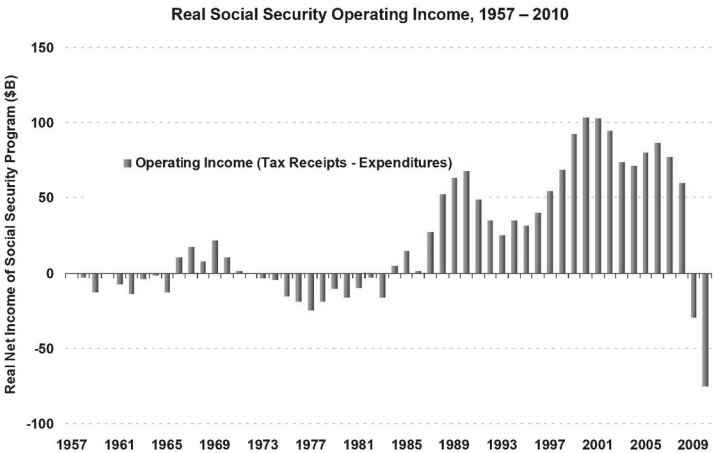
*Note: *denotes F2010 net income / net loss of respective programs, data per White House OMB. 1) Medicare and Social Security net loss excludes Trust Fund interest income. 2) TARP net loss includes proceeds from sale of warrants. TARP is Troubled Asset Relief Program; ARRA is American Recovery & Reinvestment Act programs.*

Social Security: In Good Shape Now, Yet Challenged in Future by Aging Population

- **Social Insurance Program Created in 1935** – During height of the Great Depression to help elderly (65+*) and disabled people avoid poverty.
- **Pay-as-You-Go Funding** – Social Security taxes deducted from current payrolls to pay out to current eligible recipients of Social Security.
- **For Most of its 8 Decades (1935-1970; 1985 - 2009), Annual Social Security Payments Have Been Funded by Annual Social Security Taxes** – However, based on estimates from Congressional Budget Office (CBO), beginning in 2016 (or earlier), Social Security will begin running an annual deficit as payments exceed taxes (at unchanged flat tax rate of 12.4%[1] of annual gross wages) – this is a problem!
- **Social Security Has Been Struck by Annual Deficit Crisis Before** – From 1975 to 1981, Social Security expenses exceeded revenue every year, which caused a 45% reduction in the Social Security Trust Fund balance. Legislation recommended by the Greenspan Commission in 1983 reduced average benefits by ~5%[2] and raised social insurance tax rates for individuals by ~2.3%.[3] But the Greenspan Commission fix will run out soon as Social Security turns to operating loss in 2016.

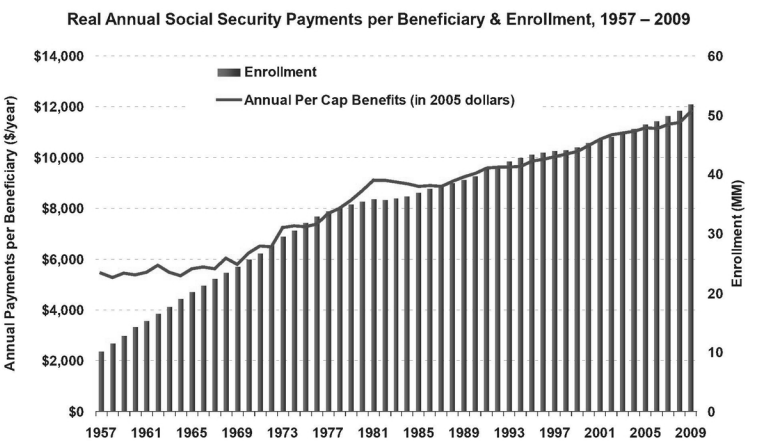
*Note: *Early retirees (62+) could receive partial benefits between 62 and 65. 1) 6.2% taxes paid by employees and matched by employers on gross wages up to but not exceeding the Social Security wage base of ~$100K; 2) total benefit cuts included $27B savings from benefit taxation for the wealthy and $66B savings from delay in cost of living adjustments over 1984-1989; 3) average increase in entitlement payroll tax rates between 1982 and 1988, includes Medicare payroll taxes, per estimates from CBO. Source: Social Security Administration.*

Social Security: Financially Sound – So Far – Owing to Increased Revenue / Reduced Spending Post 1983 Reform, But 'Operating Loss' Resumed in 2009



*Note: *Data is adjusted for inflation using White House OMB's GDP price index (based on BEA's data). USA federal fiscal year ends in September; Source: Social Security Administration.*

Social Security: Enrollment Up 5x to 52 Million While Inflation-Adjusted Annual Payments per Beneficiary Up 2x to $12K From 1957 to 2009



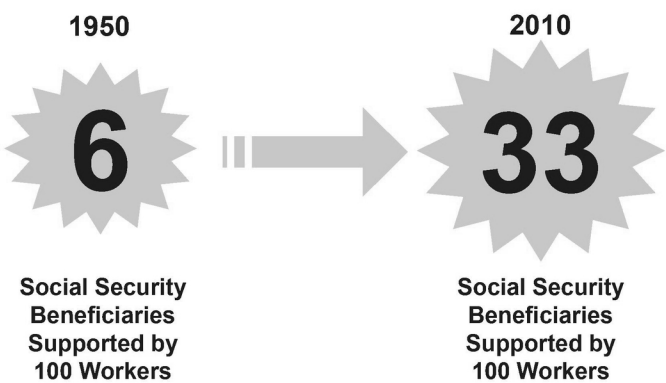
Note: Data are inflation adjusted using BEA's GDP price index. Source: Social Security Administration.

Social Security: Observations

- **52 million retired Americans (17% of population) received an average of $11,826 (in 2005 dollars) in Social Security payments (32% of USA per-capita income) in 2009.**
- By comparison, 10 million retired Americans (6% of population) received an average of $5,447 (in 2005 dollars) in Social Security payments (51% of per-capita income) in 1957.
- When Social Security was created in early 20th century to provide retirement income to elderly Americans, 1 in 127 Americans[1] (<1% of population) received Social Security payments. Now 1 in 6 Americans (17%) receive Social Security payments…well above the initial 'plan.'

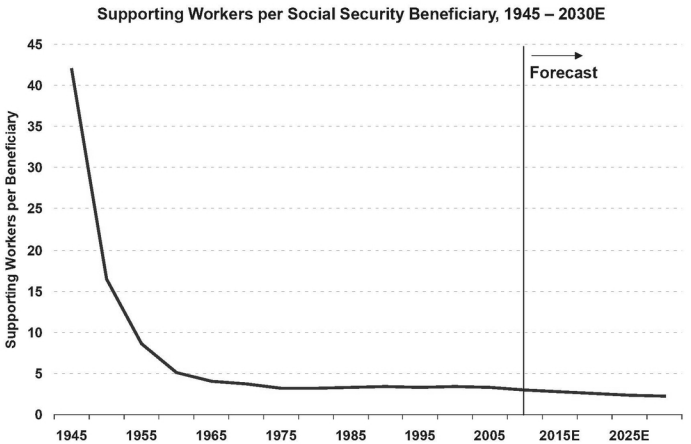
Note: 1) Social Security was created in 1935, full data on enrollees not available until 1945.
Source: Social Security Administration.

Social Security: America is Aging, and USA, Inc. Workers Are Required to Support 5x More Beneficiaries (and Rising) than They Did in 1950!



Source: Social Security Administration.

Social Security: Each Retiree Was Supported by 42 Workers in 1945 & Just 3 Workers in 2009



Source: Social Security Administration.

Think About That…

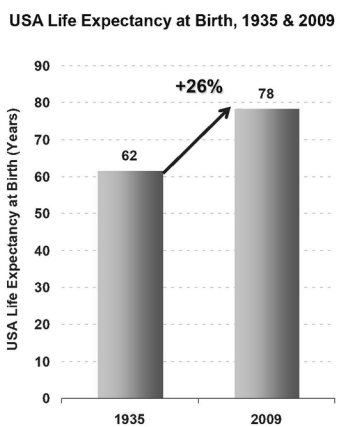
If you are a worker in USA, Inc. (as 81 million tax-paying Americans are), in effect, you have 5 times more 'dependents*' than your parents had and 15 times more than your grandparents.

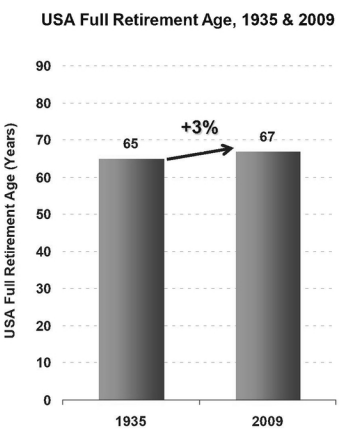
*Note: * 'Dependents' = retirees who receive Social Security benefits primarily funded via payroll taxes on current working population.*

Analysts Often Think of Things as Math Problems…

So, how about this one…

Americans Are Living 26% Longer, But Social Security 'Retirement Age' Has Increased Only 3% Since Social Security Was Created in 1935…



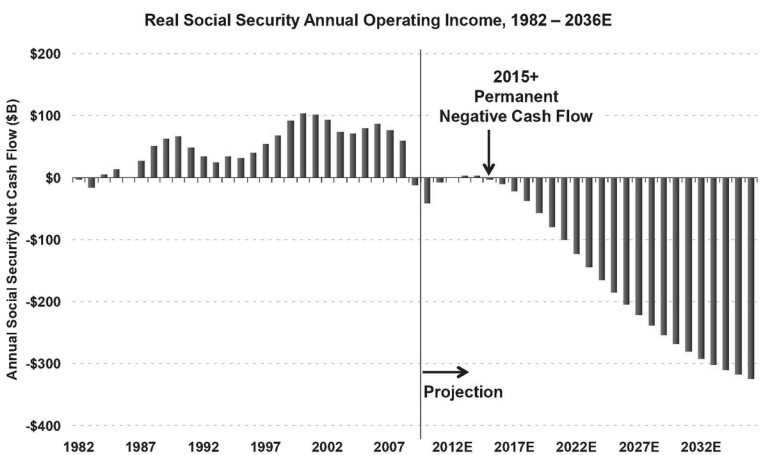


Note: Full retirement age is 65 for people born in 1930; 67 for people born in 2009; Social Security Amendments of 1961 allowed early retirement to start at 62+ with reduced benefits. Source: National Center for Health Statistics, World Bank, Social Security Administration.

That's a Math Problem…

- **If an expense rises by 26% and the ability to pay rises by only 3%, the math doesn't work.** A computer in a science fiction movie might blurt out, 'does not compute…does not compute…'
- ''Something's Gotta Give…' as the 2003 film put it.
- A mathematician or economist would say, 'the expense must go down or the ability to pay must rise to match the expense.'
- Simple math implies that the age for collecting full benefits should rise from 67 to 72, so that expenses more closely match workers' ability to pay. Under this scenario, while Americans are living 30% longer, the 'retirement' age would rise just 7%, still well below the increase in life expectancy since Social Security was created.

Social Security: Unless The Program Is Restructured, Cash Flow Will Turn Negative by 2015E Owing to Aging Population



Note: Data adjusted for inflation in real 2009 dollars. Includes Disability Insurance. Projection by Social Security Administration in 8/10. Source: Social Security Administration.

In Sum…

Heretofore, Social Security and Unemployment Insurance have been effectively funded, but two significant entitlement programs (Medicaid and Medicare) were created without effective funding plans / programs. Only one of these (Medicaid) is means-tested (indicating that one is eligible for Medicaid only if he / she does not sufficient financial means).

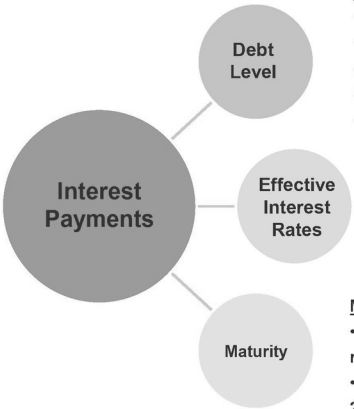
Left unchanged, Unemployment Insurance funding should improve as economic growth resumes, but Social Security will no longer be self-funded within 5-10 years, and the underfunding of Medicaid and Medicare will simply go from bad to worse.

Drill Down on USA Inc.
Rising Debt Level and Interest Payments

1	2	3
Entitlement Spending	**Rising Debt Level & Interest Payments**	**Periodic Large One-Time Charges**
Medicaid (-$273B Net Loss*)	**Debt Level** ($9T Outstanding)	**TARP** ($26B Net Profit*[2])
Medicare (-$272B Net Loss*[1])	**Effective Interest Rates** (2.2%)	**Fannie Mae / Freddie Mac** (-$41B Net Loss*)
Unemployment Benefits (-$115B Net Loss*)	**Debt Composition**	**ARRA** (-$137B Net Loss*)
Social Security (-$75B Net Loss*[1])		

*Note: *denotes F2010 net income / net loss of respective programs, data per White House OMB. 1) Medicare and Social Security net loss excludes Trust Fund interest income. 2) TARP net loss includes proceeds from sale of warrants. TARP is Troubled Asset Relief Program; ARRA is American Recovery & Reinvestment Act programs.*

Interest Payments: 3 Determinants = Debt Level + Interest Rates + Maturity



Debt Level

- 62% of GDP in 2010, up 2x over 30 years
- Projected to rise to ~146% of GDP by 2030E owing to diminishing surpluses from Social Security and rising expenses from Medicaid and other entitlement spending

Effective Interest Rates

- At historic low of 2.2% in 2010, vs. 30-year average of 6.4%
- Will rise with federal funds target rate & long-term Treasury yield as economy recovers

Maturity

- Shorter debt maturities imply less leverage to reduce future interest payments via inflation
- Long-term debt (10+ year) only 10% of total in 2010, down from 15% in 1985
- Short-term debt (0-1 year) especially large in 2009

Source: Historical debt level / effective interest rates data per White House OMB; Debt projection per CBO; Maturity and composition per Dept. of Treasury.

Drill Down on Debt Levels & Related Expenses

We begin with a simple study of current and historical debt levels and key drivers of why debt has risen so much, then we look at interest rates (which are low by historical standards) and the impact they have on interest expense, then we look at the short-term vs. long-term composition of USA Inc.'s debt.

1

Entitlement Spending

Medicaid
(-$273B Net Loss*)

Medicare
(-$272B Net Loss*1)

Unemployment Benefits
(-$115B Net Loss*)

Social Security
(-$75B Net Loss*1)

2

Rising Debt Level & Interest Payments

Debt Level
($9T Outstanding)

Effective Interest Rates
(2.2%)

Debt Composition

3

Periodic Large One-Time Charges

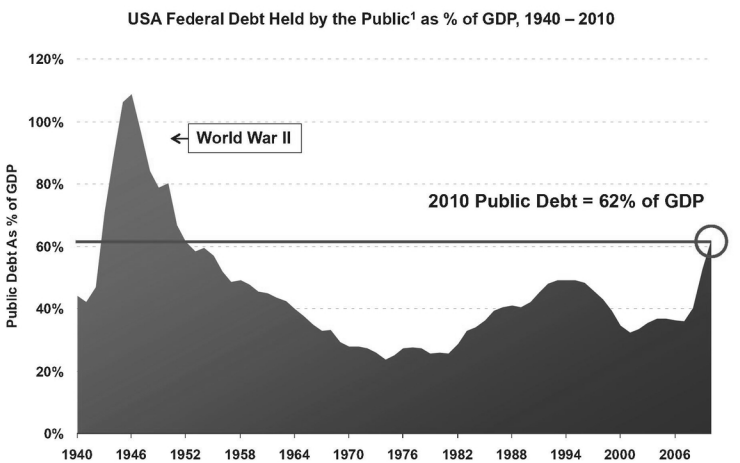
TARP
($26B Net Profit*2)

Fannie Mae / Freddie Mac
(-$41B Net Loss*)

ARRA
(-$137B Net Loss*)

*Note: *denotes F2010 net income / net loss of respective programs, data per White House OMB. 1) Medicare and Social Security net loss excludes Trust Fund interest income. 2) TARP net loss includes proceeds from sale of warrants. TARP is Troubled Asset Relief Program; ARRA is American Recovery & Reinvestment Act programs.*

Debt Level: Highest (as % of GDP) Since World War II and Rising Rapidly

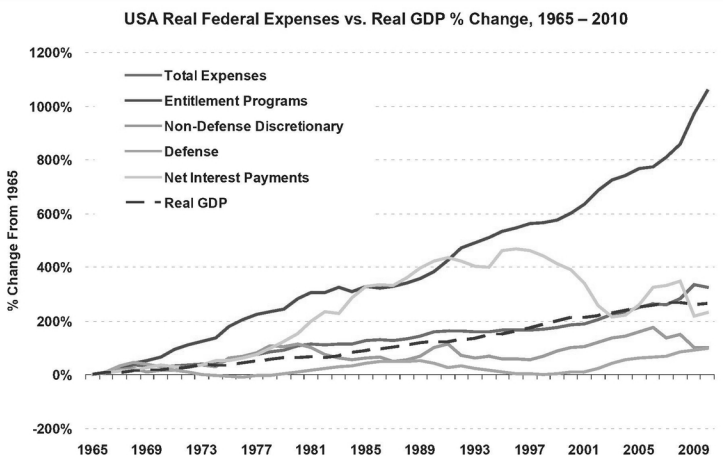


Note: 1) For a more-detailed discussion about net debt (Federal debt held by the public) vs. gross debt, see slide 455 to 463 in Appendix. Source: White House Office of Management and Budget.

Why Has Debt Risen So Much? Public Debt Up **2x** Over Past 3 Decades

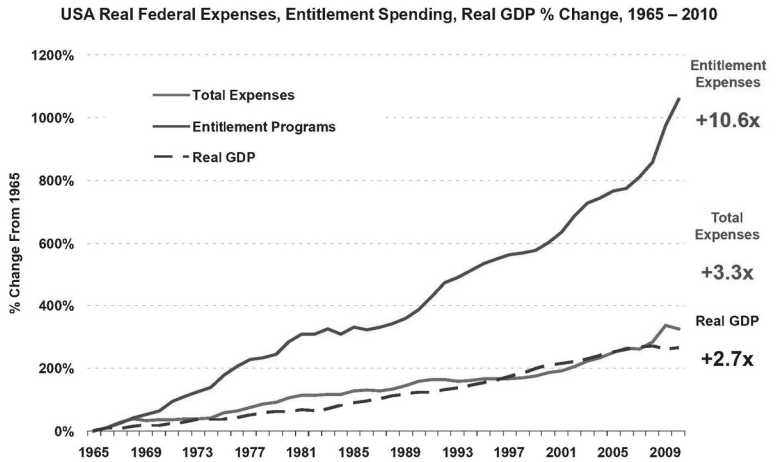
Source: White House Office of Management and Budget.

Debt Level: Why It Has Risen
Answer Part 1: Expenses (Entitlement + One-Time Items*) Grew Faster Than GDP



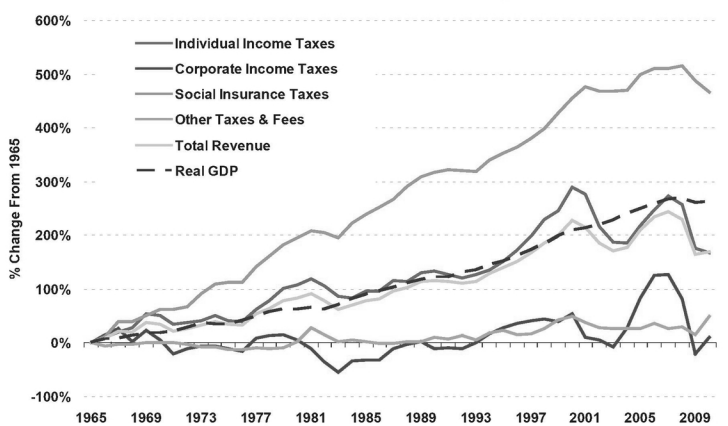
*Note: *One-time items could not be shown in chart because % change from 1965 is not available. For context, one-time items totaled $377B in 2009 and $152B in 2010 (both in 2005 constant dollars), both of which are the 3rd largest line item after entitlement expenses and defense spending. Data adjusted for inflation. Source: White House Office of Management and Budget.*

Debt Level: Entitlement Spending Increased **11x** (1965 to 2010), While Real GDP Grew **3x**



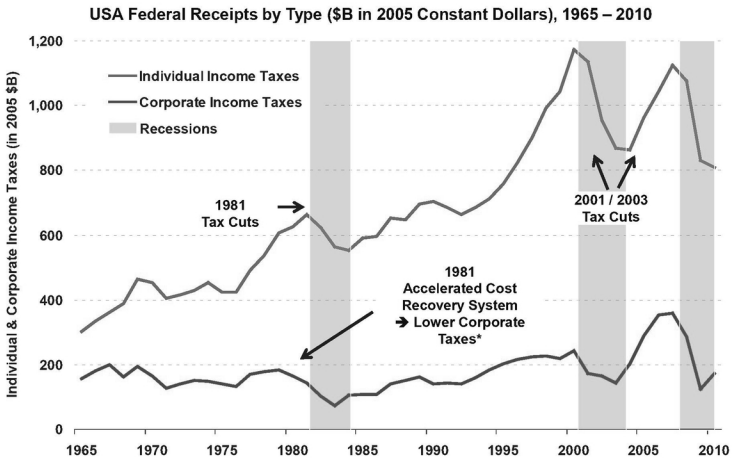
Note: Data adjusted for inflation. Source: White House Office of Management and Budget.

Debt Level: Why It Has Risen
Answer Part 2: Revenue (Esp. Corporate Taxes) Fell Below GDP Growth



Note: All data adjusted for inflation. Source: White House Office of Management and Budget, Bureau of Economic Analysis.

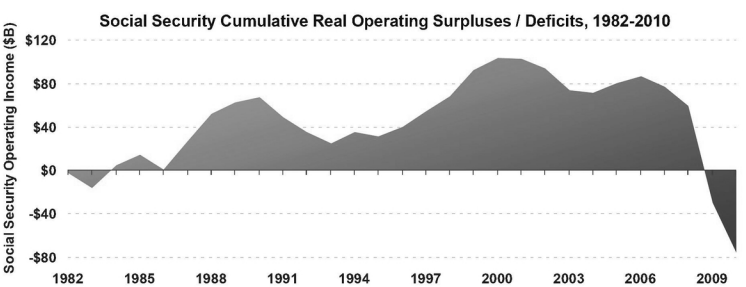
Debt Level: Recessions + Corporate Tax Accounting Changes Led to Revenue Underperformance (Relative to GDP Growth)



*Note: * The adoption of Accelerated Cost Recovery System allowed companies to utilize accelerated depreciation on capital investments, leading to higher depreciation costs and lower taxable income. Source: White House Office of Management and Budget. Note that recession-related tax cuts can be doubled edged – reducing tax revenue but enhancing GDP growth.*

Debt Level: In the Past, Social Security's Surpluses Have Masked USA Inc.'s True Borrowing Needs by $1.4T

- Social Security tax receipts exceeded outlays in every year between 1984 and 2008, leading to a cumulative surplus of $1.4 trillion.
- These surpluses have been used to fund other parts of federal government operations (including Medicaid, infrastructure and defense...) under the unified budget accounting rules.
- Without these past Social Security surpluses, USA Inc. would have to have issued $1.4 trillion more debt (or 16% higher than current level of debt) to fund its operations.

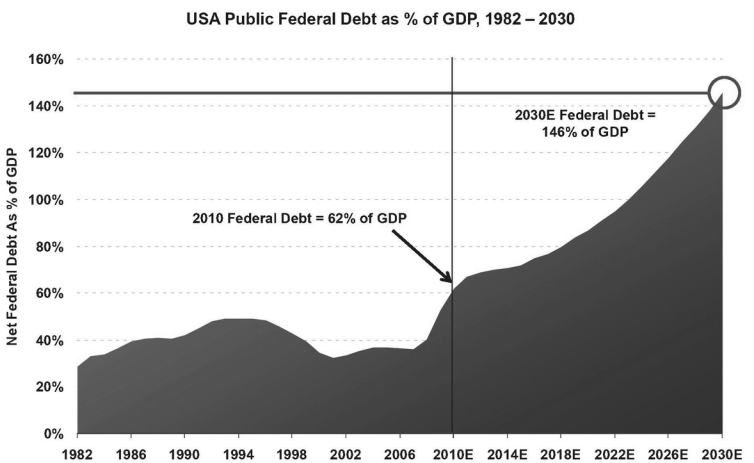


Note: Surpluses & deficits exclude Trust Fund interest income, adjusted for inflation.
Data source: Congressional Budget Office.

Why Will Debt Level Continue to Rise? Public Debt Projected to Rise **2x** Over Next 3 Decades

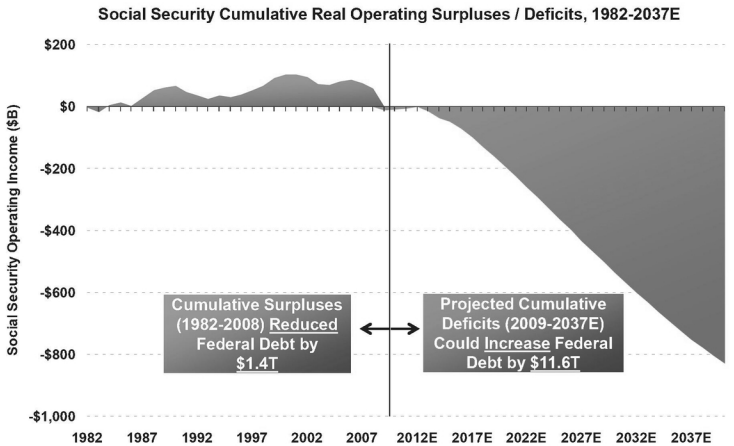
Source: Congressional Budget Office Long-Term Budget Outlook (6/10), Alternative Fiscal Scenario (assuming a continuation of today's underlying fiscal policy. This scenario deviates from CBO's baseline because it incorporates some policy changes that are widely expected to occur and that policymakers have regularly made in the past).

Debt Level: Projected to Rise 3x Over Next 2 Decades, per USA Inc.'s Own Estimates



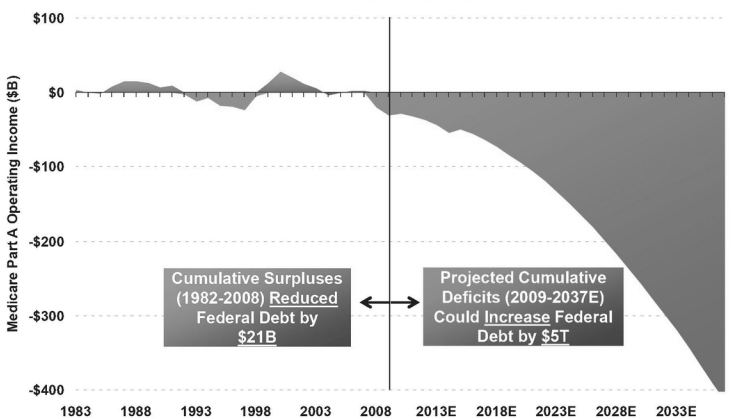
Source: Congressional Budget Office Long-Term Budget Outlook (6/10), Alternative Fiscal Scenario (assuming a continuation of today's underlying fiscal policy. This scenario deviates from CBO's baseline because it incorporates some policy changes that are widely expected to occur and that policymakers have regularly made in the past).

Debt Level: Why Will It Continue to Rise?
Answer Part 1: Notional Social Security "Trust Fund" Surpluses Likely Turning Into Deficits Owing to Aging Population



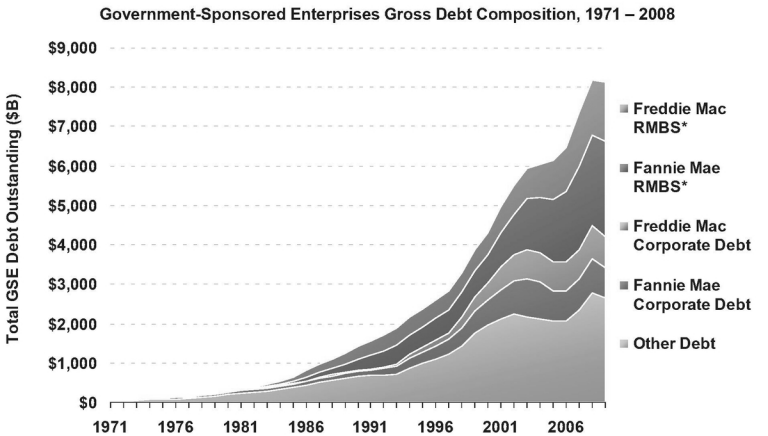
Note: Surpluses & deficits exclude Trust Fund interest income, adjusted for inflation in 2009 dollars. Source: Congressional Budget Office.

Debt Level: Why Will It Continue to Rise?
Answer Part 2: Notional Medicare* "Trust Fund" Surpluses Likely Turning Into Deficits Owing to Aging Population



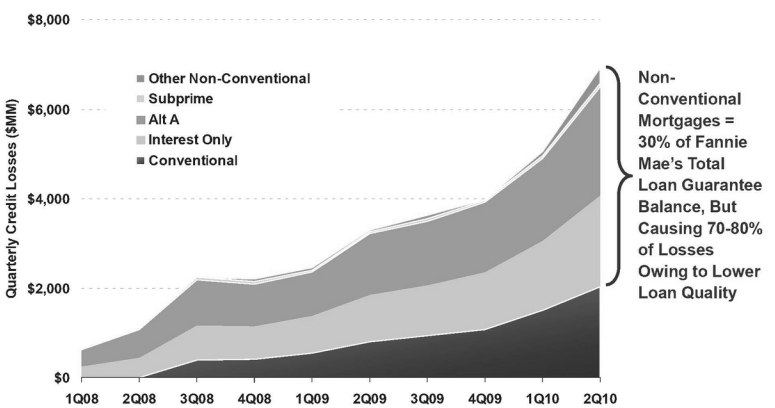
*Note: Data are adjusted for inflation in 2009 dollars. *Only Medicare Part A (hospital insurance) has a trust fund (funded by payroll taxes), Part B (medical insurance) and Part D (prescription drug benefits) are primarily funded by general tax revenue and premium / co-payments. Source: Medicare Trustees.*

Debt Level: Why Will It Continue to Rise?
Answer Part 3: Potential Loss on Guarantees on Fannie Mae / Freddie Mac Originations Could Rise



*Note: *RMBS is residential mortgage-backed securities. Other debt includes those issued by other federal agencies such as Federal Home Loan Banks and Student Loan Marketing Association (Sallie Mae). Source: FHFA Report to the Congress 2009.*

Debt Level: GSEs' Expansion Into 'Non-Conventional' Mortgage Lending Business Has Proved to Be Costly So Far



Source: Fannie Mae, Betsy Graseck, Morgan Stanley Research.

Debt Level: Fannie Mae + Freddie Mac = Latest Estimated Ultimate Cost to Taxpayers Varies*

Base-Case Estimated Ultimate Net Loss**	Source	Comments / Assumptions
$389 Billion	Congressional Budget Office (CBO)	Net accrued loss to be borne by taxpayers, including net cash infusions (with implied default rate of ~5-10%) and risk premiums associated with federal government's implicit guarantee on GSEs' credit. Bulk of the net loss ($291B) occurred prior to and during F2009. On a cash basis, CBO's estimate would have been in line with White House OMB's estimate.
$160 Billion	White House Office of Management and Budget (OMB)	Net cash outlay to be borne by Treasury Dept. (and ultimately taxpayers), including Treasury Dept.'s cash outlays to purchase Fannie Mae & Freddie Mac preferred stock (with implied default rate of ~5-10%), minus cash received from dividends. Bulk of the net cash outlay ($112B) occurred prior to and during F2009.

*Note: *Latest estimated cost to taxpayers varies and continues to rise. **By F2019E. Source: CBO, OMB.*

Debt Level: Scenario Math – What Various Default Rates Could Mean for Taxpayer Ultimate Cash Cost of Fannie Mae & Freddie Mac

Fannie Mae / Freddie Mac Outstanding Loan Guarantees × Default Rate × Loss Severity* = Ultimate Cash Cost to Taxpayer

Outstanding Loan Guarantees	Default Rate	Loss Severity*	Ultimate Cash Cost to Taxpayer
$5 Trillion[1] (before government conservatorship in 9/08)	2%	50%	$50 Billion
	5%		$125 Billion
	10%		$250 Billion
	15%		$375 Billion
	20%		$500 Billion
	25%		$625 Billion

$160 Billion

Current CBO / OMB Forecasts of Ultimate Cash Cost of Fannie Mae / Freddie Mac

*Note: * Loss severity is liquidation value (foreclosure auction or other means) as a % of the loan amount adjusted for any advances and fees. Source: 1) Fannie Mae, Freddie Mac.*

Entitlement Spending

- **Medicaid** (-$273B Net Loss*)
- **Medicare** (-$272B Net Loss*1)
- **Unemployment Benefits** (-$115B Net Loss*)
- **Social Security** (-$75B Net Loss*1)

Rising Debt Level & Interest Payments

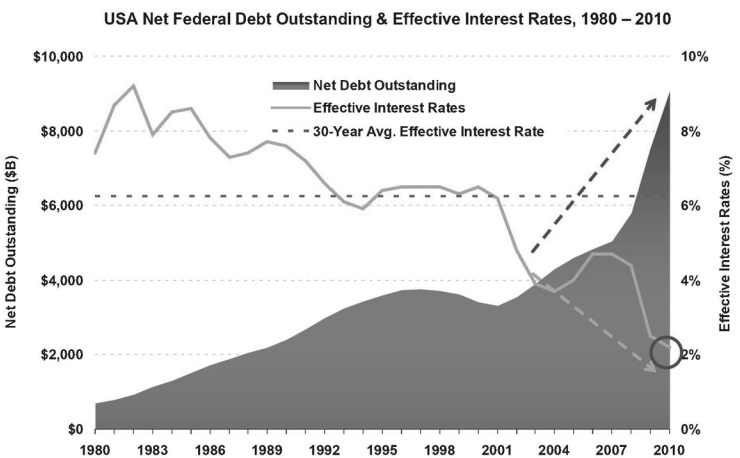
- **Debt Level** ($9T Outstanding)
- **Effective Interest Rates** (2.2%)
- **Debt Composition**

Periodic Large One-Time Charges

- **TARP** ($26B Net Profit*2)
- **Fannie Mae / Freddie Mac** (-$41B Net Loss*)
- **ARRA** (-$137B Net Loss*)

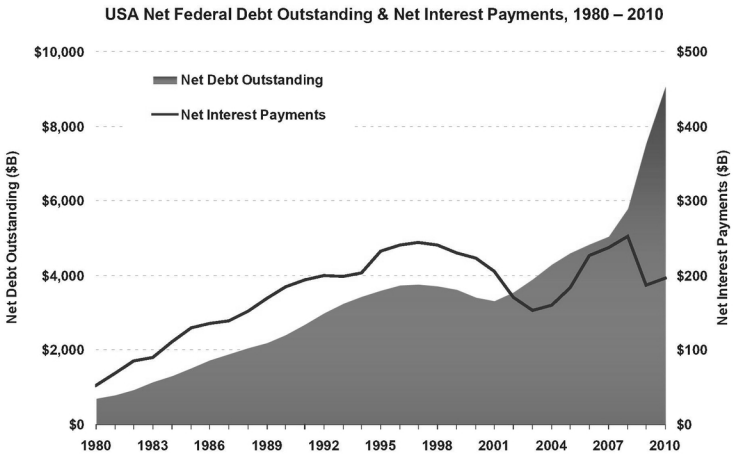
*Note: *denotes F2010 net income / net loss of respective programs, data per White House OMB. 1) Medicare and Social Security net loss excludes Trust Fund interest income. 2) TARP net loss includes proceeds from sale of warrants. TARP is Troubled Asset Relief Program; ARRA is American Recovery & Reinvestment Act programs.*

Effective Interest Rates: While USA Debt Has Risen Steadily Since 1981, Rates Have Fallen Steadily, so the Cost of Debt Has Potentially Been Held Artificially Low



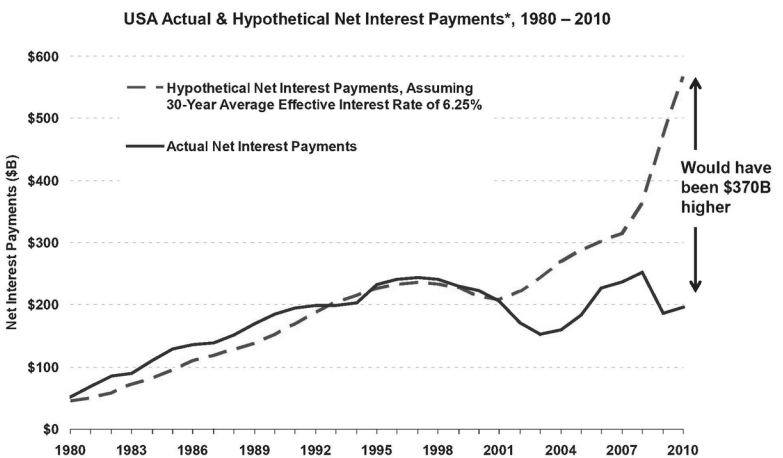
Source: White House Office of Management and Budget.

Effective Interest Rates: While USA Debt Has **Risen**, Net Interest Payments Have **Fallen**



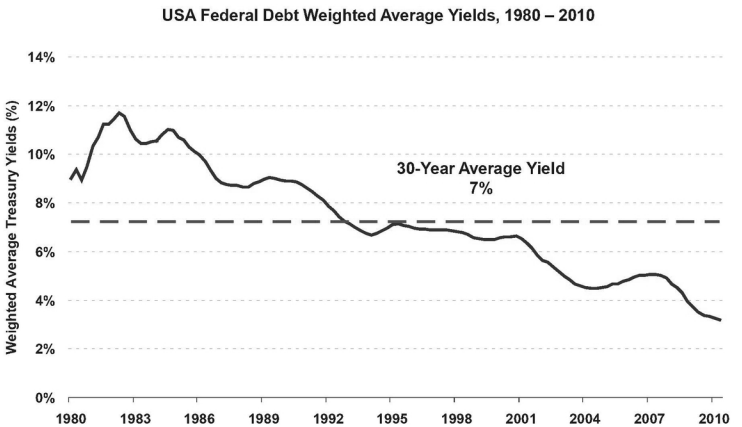
Source: White House Office of Management and Budget.

Effective Interest Rates: Hypothetical Exercise – If USA 2009 Cost of Debt Was Paid at 30-Year Average Interest Rate Level of **6%** vs. Current **2%**, Annual Interest Cost Would Rise 3x to **$566 Billion** from **$196 Billion**



*Note: * Hypothetical net interest payments calculation assumes all other variables (such as GDP, revenue, spending, debt levels, etc.) are held constant. Source: White House Office of Management and Budget.*

Effective Interest Rates: But Cost of Debt Unlikely to Continue to Decline For Extended Period If Economy Improves



Source: US Treasury.

Effective Interest Rates: If Debt Levels & Interest Rates Rise Dramatically Beyond 2010, Net Interest Payments Could Soar…

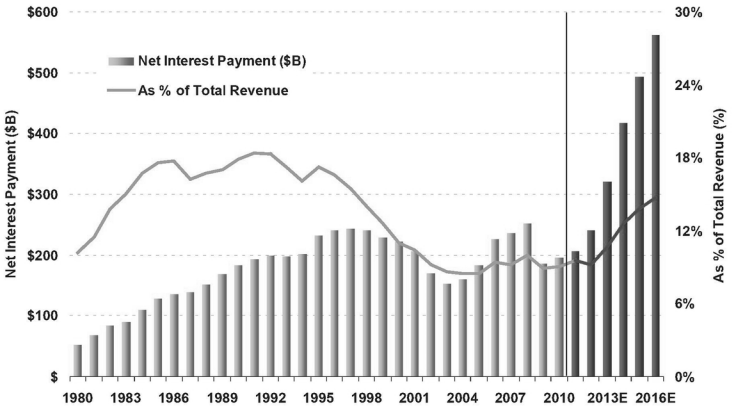
USA Federal Net Debt Outstanding / Effective Interest Rates / Net Interest Payments, 2009 – 2016E

	2009	2010	2011E	2012E	2013E	2014E	2015E	2016E	11-16E CAGR
Net Debt Outstanding ($B)	$7,545	$9,019	$10,856	$11,881	$12,784	$13,562	$14,301	$15,064	7%
Y/Y Growth	*30%*	*20%*	*20%*	*9%*	*8%*	*6%*	*5%*	*5%*	
Effective Interest Rate (%)	2.5%	2.2%	1.9%	2.0%	2.5%	3.1%	3.5%	3.7%	--
Net Interest Payments ($B)	$187	$196	$207	$242	$321	$418	$494	$562	22%
Y/Y Growth	*-26%*	*5%*	*5%*	*17%*	*33%*	*30%*	*18%*	*14%*	
% of Federal Tax Receipts	*9*	*9*	*10*	*9*	*11*	*13*	*14*	*15*	

Note: CAGR is compound annual growth rate. Source: White House Office of Management and Budget.

Effective Interest Rates: If Debt Levels & Interest Rates Rise Dramatically Beyond 2010, Net Interest Payments Could Soar

USA Net Federal Debt Outstanding & As Percent of Total Revenue, 1980 – 2016E



Note: CAGR is compound annual growth rate. Source: White House Office of Management and Budget.

1 Entitlement Spending

Medicaid
(-$273B Net Loss*)

Medicare
(-$272B Net Loss*1)

Unemployment Benefits
(-$115B Net Loss*)

Social Security
(-$75B Net Loss*1)

2 Rising Debt Level & Interest Payments

Debt Level
($9T Outstanding)

Effective Interest Rates
(2.2%)

Debt Composition

3 Periodic Large One-Time Charges

TARP
($26B Net Profit*2)

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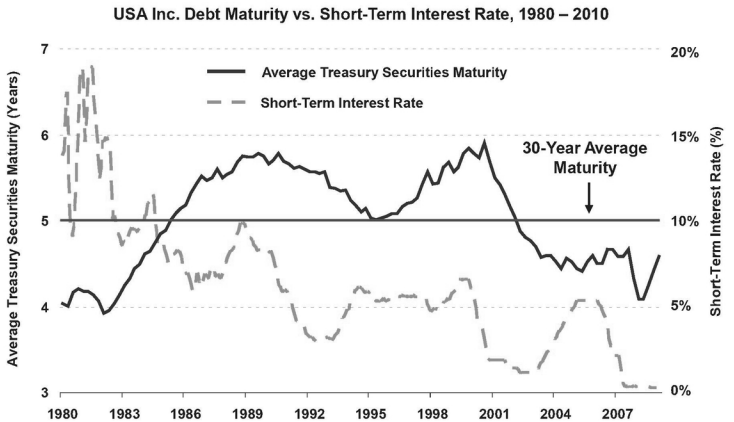
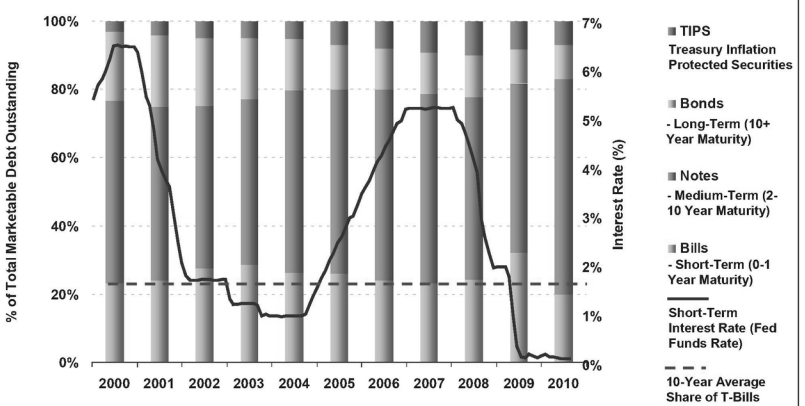
Debt Composition: Average Debt Maturity Declining Since 2000, Combined With Declining Interest Rate, Leading to "Artificially Low" Interest Payments



Source: Dept. of Treasury.

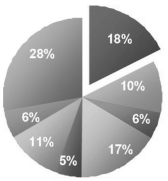
Debt Composition: Maturity – Temporary High Mix (32%) of Short-Term Treasury Bills in 2009 Took Advantage of Historic Low Interest Rates to Reduce Interest Payments



Note: Data as of March each year; composition excludes nonmarketable securities. Source: Dept. of Treasury.

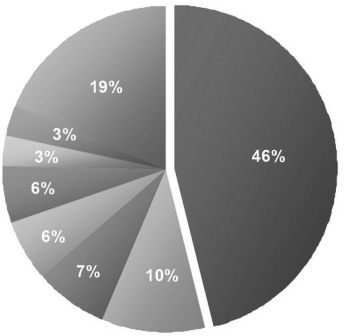
Debt Composition: Foreign Investors & Governments Hold ~46% of USA Inc. Public Debt

1989 Total Public Debt Outstanding $2 Trillion



- Foreign Investors & Government
- Federal Reserve
- Mutual Funds
- State & Local Governments
- Private Pension Funds
- Depository Institutions
- Insurance Companies
- Other Investors

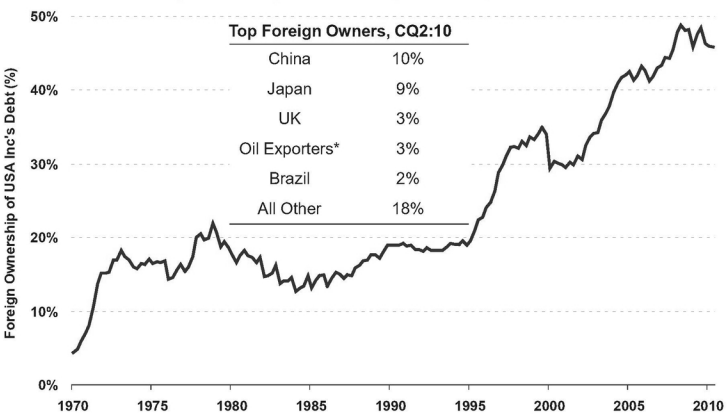
2010 Total Public Debt Outstanding $9 Trillion



Note: Public debt ownership excludes Government Accounts Series (such as Social Security Trust Fund) as those holdings are intra-government and not tradable in public. Source: Dept. of Treasury, as of CQ2:10.

Debt Composition: Foreign Investors & Governments Hold 46% of USA Inc. Public Debt, Up From 4% in 1970 – How Much Higher Should It Go?

Foreign Ownership of US Treasury Securities, CQ1:1970 – CQ2:2010



Top Foreign Owners, CQ2:10

China	10%
Japan	9%
UK	3%
Oil Exporters*	3%
Brazil	2%
All Other	18%

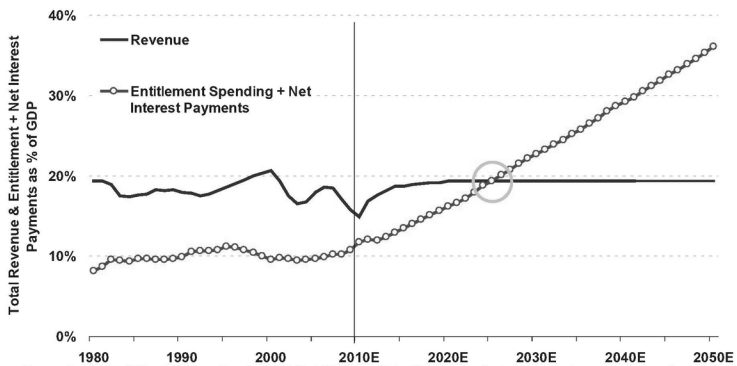
*Note: *Oil exporters include Ecuador, Venezuela, Indonesia, Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, the United Arab Emirates, Algeria, Gabon, Libya, and Nigeria. Source: Dept. of Treasury, as of CQ2:10.*

And – You Guessed It – Here's the Punch Line…

By USA Inc.'s Own Forecast…

Entitlement Spending + Interest Payments Alone Should Exceed USA Inc. Total Revenue by 2025E!

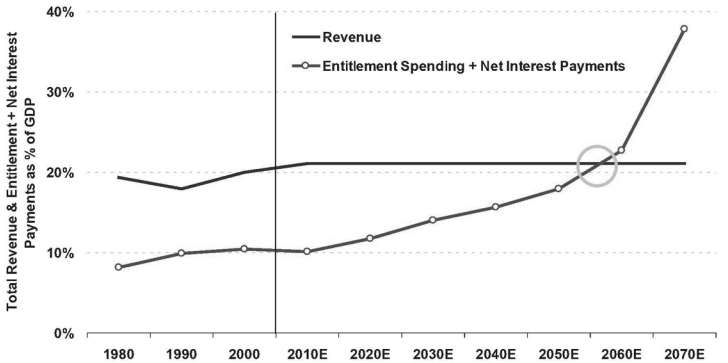
Entitlement Spending + Interest Payments vs. Revenue as % of GDP, 1980 – 2050E



Source: Congressional Budget Office (CBO) Long-Term Budget Outlook (6/10). Note that entitlement spending includes federal government expenditures on Social Security, Medicare and Medicaid. Data in our chart is based on CBO's 'alternative fiscal scenario' forecast, which assumes a continuation of today's underlying fiscal policy. Note that CBO also maintains an 'extended-baseline' scenario, which adheres closely to current law. The alternative fiscal scenario deviates from CBO's baseline because it incorporates some policy changes that are widely expected to occur (such as extending the 2001-2003 tax cuts rather than letting them expire as scheduled by current law and adjusting physician payment rates to be in line with the Medicare economic index rather than at lower scheduled rates) and that policymakers have regularly made in the past.

CBO's Projection from 10 Years Ago (in 1999) Showed Federal Revenue Sufficient to Support Entitlement Spending + Interest Payments Until 2060E – 35 Years Later than Current Projection

CBO's Projection in the '1999 Long-Term Budget Outlook' on Entitlement Spending + Interest Payments vs. Revenue as % of GDP, 1980 – 2070E



Source: Congressional Budget Office Long-Term Budget Outlook (1999).
Note that there was no alternative fiscal scenario in CBO's forecast back then.

If the Previous Two Slides…

aren't a
wake-up call,
we don't know
what is…

Drill Down on USA Inc. Periodic Large One-Time Charges

Entitlement Spending

Medicaid
(-$273B Net Loss*)

Medicare
(-$272B Net Loss*1)

Unemployment Benefits
(-$115B Net Loss*)

Social Security
(-$75B Net Loss*1)

Rising Debt Level & Interest Payments

Debt Level
($9T Outstanding)

Effective Interest Rates
(2.2%)

Debt Composition

Periodic Large One-Time Charges

TARP
($26B Net Profit*2)

Fannie Mae / Freddie Mac
(-$41B Net Loss*)

ARRA
(-$137B Net Loss*)

*Note: *denotes F2010 net income / net loss of respective programs, data per White House OMB. 1) Medicare and Social Security net loss excludes Trust Fund interest income. 2) TARP net loss includes proceeds from sale of warrants. TARP is Troubled Asset Relief Program; ARRA is American Recovery & Reinvestment Act programs.*

One-Time Charges: Unusually High in F2009 & F2010 with Financial + Economic Crisis

Net One-Time Charges to USA Inc. ($B)	F2008	F2009	F2010	F2011 YTD*	Net Sum of 4 Years
Government-Sponsored Enterprises (GSEs)	**$14**	**$97**	**$41**	--	**$152**
Fannie Mae	--	60	23	--	83
Freddie Mac	$14	37	18	--	69
Troubled Asset Relief Program (TARP)*	**--**	**$261**	**-$26**	**-$23**	**$213**
Banks	--	134	-85	-28	21
Automakers	--	78	-6	-14	58
AIG	--	49	--	20	69
Individual Homeowners	--	0	39	-1	38
Other Financial Institutions	--	--	22	--	22
Consumers & Small Businesses	--	--	4	--	4
American Recovery and Reinvestment Act (ARRA)**	**--**	**$40**	**$137**	**--**	**$177**
Education	--	21	50	--	71
Nutrition Assistance	--	5	11	--	16
Transportation	--	4	15	--	19
Tax Credits	--	2	33	--	35
Energy	--	1	5	--	6
Other	--	7	23	--	30
Net Total One-Time Charges ($B)	**$14**	**$398**	**$152**	**-$23**	**$542**

*Note: Federal fiscal year ends in September. *TARP one-time charges include repayments & dividends; F2011 TARP data as of 2/11, per US Treasury; F2011 YTD GSE & ARRA data not available. **ARRA one-time charges exclude funds used by entitlement programs such as Social Security / Medicare / Medicaid / Unemployment. Source: Congressional Budget Office, Dept of Treasury.*

One-Time Charges: What Charges from F2008-F2010 May Look Like on Net Basis Over Next 10 Years

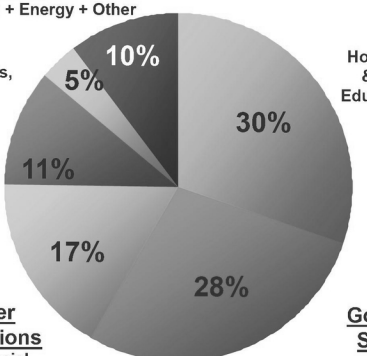
One-Time Charges from the 'Financial Crisis' are Not Created Equal – While TARP Was the Headliner, When All's Said & Done, TARP may be Smallest Component, by a Long Shot

	Current Cost ($B, as of 2/11)	Ultimate Cash Cost ($B, by F2020E)	Comments
TARP	$213B	<$51B[1]	May fall from net $213 billion to $51 billion or less[1] as banks continue to pay back their loans and automakers / AIG seek IPOs / sales to realize value of USA Inc.'s equity stake.
GSE	$152	~$160[2]	May grow from net $152 billion to ~$160 billion (or higher)[2] as Fannie Mae and Freddie Mac losses on loan guarantees stabilize and they continue to pay dividends on USA Inc.'s shares.
ARRA	$177	$417	Should rise from $177 billion to $417 billion[3] based on commitments…and a payback plan was never factored into these payments.

Note: 1) Latest Treasury estimate as of 12/10, includes net profits from banks of $16B, net costs from AIG ($5B) / Automakers ($17B) / Consumers & Housing programs ($-46B) and other. AIG net costs excludes potential gains from selling AIG's common shares held by the Treasury, which could turn out to be a $22B profit for the Treasury based on 10/1/10 closing price. Including this potential gain, TARP ultimate cost to the Treasury would be $29B. 2) White House OMB estimates ultimate cash cost of Fannie Mae / Freddie Mac at $165B while the CBO estimates the ultimate cash costs at $160B. Both estimates imply an average default rate of 5-10% on Fannie Mae + Freddie Mac's $5T loan guarantee portfolio and a loss severity of 50%. The Federal Housing Finance Agency (FHFA) estimates ultimate costs to range from $142B to $259B. 3) Net cash costs are limited to discretionary spending items in ARRA. Source: CBO, U.S. Dept of Treasury, White House OMB, FHFA.

Recipients of $ from USA One-Time Charges (F2008-2011YTD)

Total Net 2008-2011 One-Time Charges = $542 Billion (as of 2/11)



Source: Dept. of Treasury, as of 2/11.

Drill Down on One-Time Charges

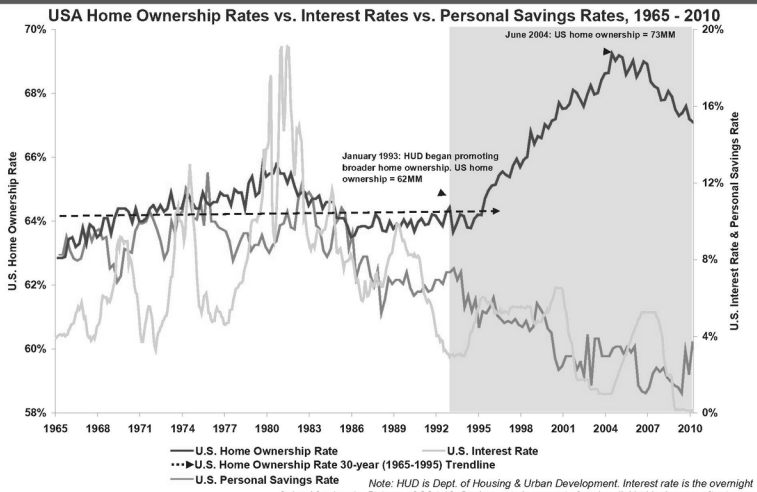
Most of USA Inc.'s recent one-time charges are directly or indirectly related to America's real estate bubble and aggressive borrowing.

First we look at the drivers of the real estate bubble (we call it 'anatomy of a real estate bubble'), then we drill down on the past / present / future financial impact of the three types of one-time charges and the recipients:

1) TARP (Troubled Asset Relief Program)
2) GSEs (Government-Sponsored Enterprises)
2) ARRA (American Recovery and Reinvestment Act)

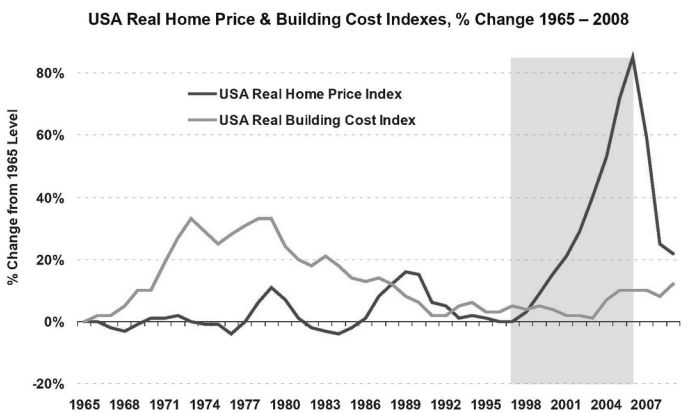
What created the real estate bubble?

Real Estate Bubble: Root Causes—Government Home Ownership Push + Declining Interest & Savings Rates + Aggressive Borrowing and Lending Led to 10+ Years of Rising Home Ownership



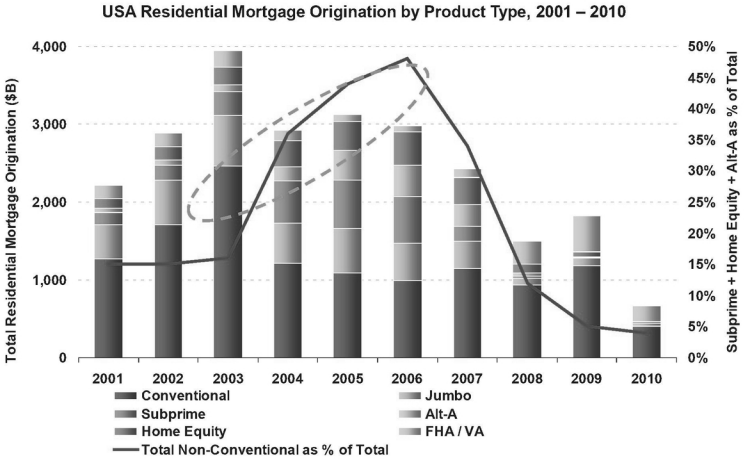
Note: HUD is Dept. of Housing & Urban Development. Interest rate is the overnight federal funds rate. Data as of CQ1:10. Savings rate is amount of saving divided by income after taxes. Data source: Federal Reserve, DOC Bureau of Economic Analysis.

Real Estate Bubble: Home Prices Rose Dramatically (7% Annually) for 10 Years – Up ~2x Over 10-Year Period Ending 2007



Note: Real home prices & building costs are inflation-adjusted. Source: Robert Shiller, Yale University.

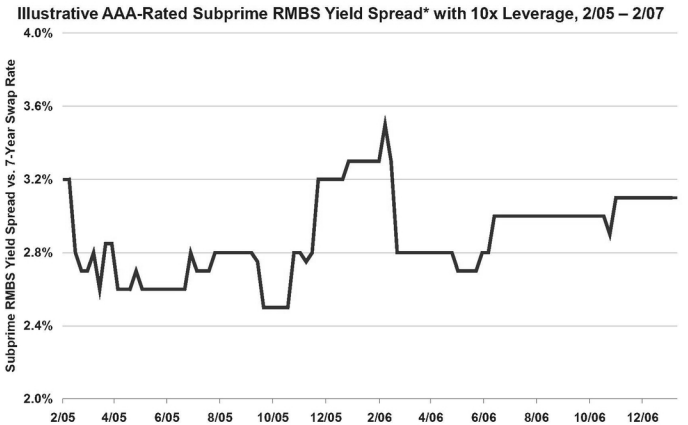
Banks & Other Mortgage Originators Helped Fuel Housing Bubble as They Originated Lower Quality Mortgages – Alt-A & Subprime Origination Volumes Up 374% & 94% in 2006 vs. 2003



Source: Inside Mortgage Finance.

Real Estate Bubble: Investors Helped Fuel It, Too, as They Reached For Yield Without Questioning AAA Ratings of A Subprime-Backed Investments

Investors picked up 25-35bps over U.S. Treasuries with comparable maturity, typically levered 10:1 and generated 2.5-3.5% yield, meaningful against an 8% annual yield target



Note: Illustrative AAA-rated subprime RMBS spread represented as Mezzanine CDO spread vs. 7-year swap rate.
Source: Betsy Graseck, Morgan Stanley Research.

Investors Struggle with Today's Low ~4% Risk Free Rate

- Pension funds & other investors look for ~8% annual returns in order to meet promised payouts.
- The challenge is far greater than before given:
  - Rising obligations relative to income
  - Lower interest rates
- Promises (e.g., pension, healthcare) made during an 8% interest rate environment are much harder to meet when the risk free rate has fallen from 8% to 3.6%.[1]
- The choice is either to reduce obligations…

  or

  …Invest in riskier assets.

Note: 10-year Treasury coupon rate as of 2/18/2010. Source: Betsy Graseck, Morgan Stanley Research.

1	2	3
Entitlement Spending	**Rising Debt Level & Interest Payments**	**Periodic Large One-Time Charges**
Medicaid (-$273B Net Loss*)	**Debt Level** ($9T Outstanding)	**TARP** ($26B Net Profit*[2])
Medicare (-$272B Net Loss*[1])	**Effective Interest Rates** (2.2%)	**Fannie Mae / Freddie Mac** (-$41B Net Loss*)
Unemployment Benefits (-$115B Net Loss*)	**Debt Composition**	**ARRA** (-$137B Net Loss*)
Social Security (-$75B Net Loss*[1])		

*Note: *denotes F2010 net income / net loss of respective programs, data per White House OMB. 1) Medicare and Social Security net loss excludes Trust Fund interest income. 2) TARP net loss includes proceeds from sale of warrants. TARP is Troubled Asset Relief Program; ARRA is American Recovery & Reinvestment Act programs.*

Troubled Asset Relief Program (TARP): Recipient of 38% of Net Government (Taxpayer) Funding*

In TARP, the financial rescue program (created in October, 2008), USA Inc. purchased assets and equity from financial institutions to provide the capital and liquidity needed during the 2008 financial crisis (which followed the real estate bubble).

In 2009, TARP recipients were broadened to include automakers, an insurance company (AIG), individual homeowners, small & medium-sized businesses and other non-bank financial institutions.

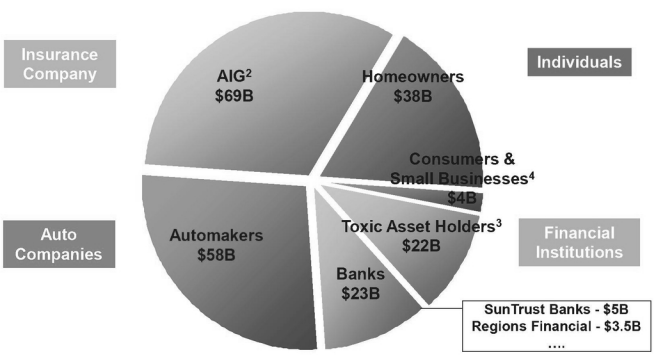
To date, USA Inc. loaned these institutions $464 billion and received $250 billion in repayment and warrant proceeds for a net outstanding loan balance of $214 billion.

*Note: *As of 2/11, numbers are rounded. Source: Dept. of Treasury.*

TARP Distribution –

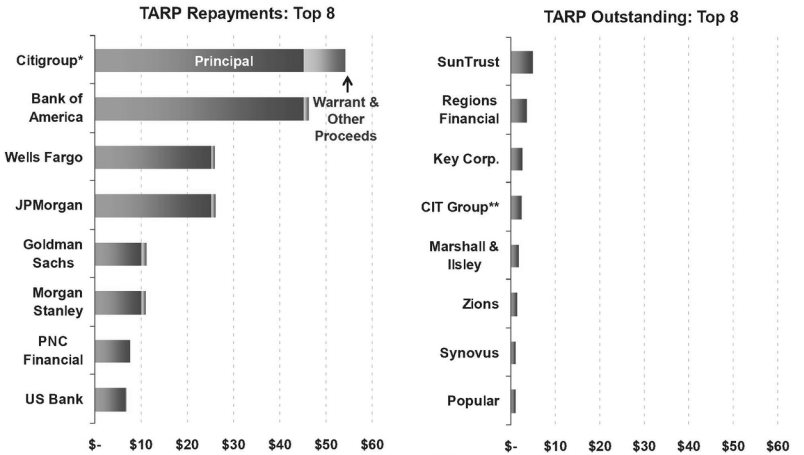
Equally Distributed Among Financial Institutions / Automakers / Insurer / Individuals as of 2/11

Outstanding Troubled Asset Relief Program (TARP) Balance of $214B[1] as of 2/11



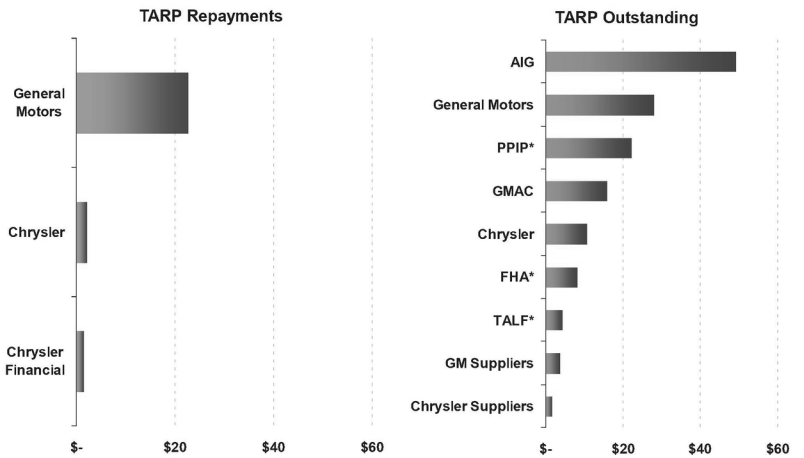
Note: 1) #s are rounded, includes warrant proceeds of $10B from banks. 2) Total principal + accrued interest on AIG preferred stock purchased by U.S. Treasury prior to 1/11 = $49B, on 1/14/11, AIG drew an additional $20B TARP funding to buy out Federal Reserve's investment. 3) Including banks and other financial institutions; done via Public-Private Investment Program (PPIP) under which Treasury provides equity and debt financing to newly formed public-private investment funds (PPIFs) established by fund managers with investors for the purpose of purchasing legacy securities from financial institutions. These securities are commercial mortgage-backed securities and non-agency residential mortgage-backed securities. 4) Consumers and small & medium-sized businesses that need loans would benefit from the Term Asset-Backed Securities Loan Facility (TALF), through which the Fed provides loans to help support the issuance of asset-backed securities (which would in turn fund a substantial portion of the consumer credit and small business loans). Source: Dept. of Treasury, AIG, data as of 2/14/10.

TARP Repayments and Outstanding Loans: Most Large Banks Have Repaid $222 Billion Paid Back[1], $23 Billion Outstanding

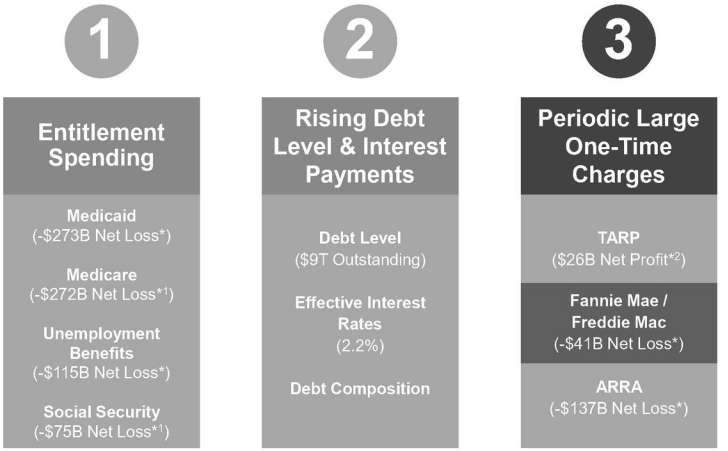


*Note: 1) Includes warrant proceeds from banks; *Citigroup's repayments include $2.3B repayment on the Asset Guarantee program and $6.9B additional proceeds from selling Treasury's ownership. **Treasury's preferred stock investment in CIT Group was lost as a result of CIT's bankruptcy filing. Source: Dept of Treasury, data as of 2/11.*

TARP Repayments And Outstanding Loans: Most Non-Bank TARP Recipients Have Not Repaid $27 Billion Paid Back, $171 Billion Outstanding



*Note: * PPIP is Public-Private Investment Program, FHA represents the FHA Short Refinance Program, TALF is Term Asset-Backed Securities Loan Facility. Source: Dept of Treasury, data as of 1/11.*



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Government-Sponsored Enterprises (GSEs): Recipients of 28% of Net Government (Taxpayer) Funding

- **GSEs Fannie Mae & Freddie Mac extended their guarantees on residential mortgages from conventional loans into Alt-A, interest-only and subprime loans.**
- While technically not part of the federal government, Fannie Mae & Freddie Mac have enjoyed an implicit government guarantee on their debt and RMBS securities as investors believed (correctly, as it turned out) that the federal government would support these entities if they failed. As a result, GSEs' long-term debt securities receive AAA/Aaa ratings from all rating agencies and are classified by financial markets as "agency securities" with interest rates above USA Treasuries but below AAA corporate debts.
- Post placing Fannie Mae & Freddie Mac into a government conservatorship, USA Inc. has so far invested $152B[1] into these two GSEs with an estimated $8-13B[2] more likely over the next 10 years, given the ongoing weakness in housing market and the poor underwriting by Fannie Mae & Freddie Mac.

Source: 1) U.S. Dept of Treasury, as of 12/10, 2) White House OMB / U.S. Congressional Budget Office.

Fannie Mae & Freddie Mac: A Brief History of Government-Sponsored Enterprises

1938 — Fannie Mae established in 1938 to provide liquidity to the primary and secondary mortgage markets

1968 — Fannie Mae became a publicly traded company in 9/68, in part to reduce rising government debt levels from the Vietnam War by taking Fannie Mae debt off USA Inc.'s balance sheet

1970 — Freddie Mac established in 1970 after the Emergency Home Finance Act to provide further liquidity to the mortgage markets

1988 — Freddie Mac became a publicly traded company in 12/88 with an initial market cap of $3 billion

2008 — Fannie Mae and Freddie Mac placed into conservatorship at a time when they guaranteed 57% of the $12 trillion USA mortgage market

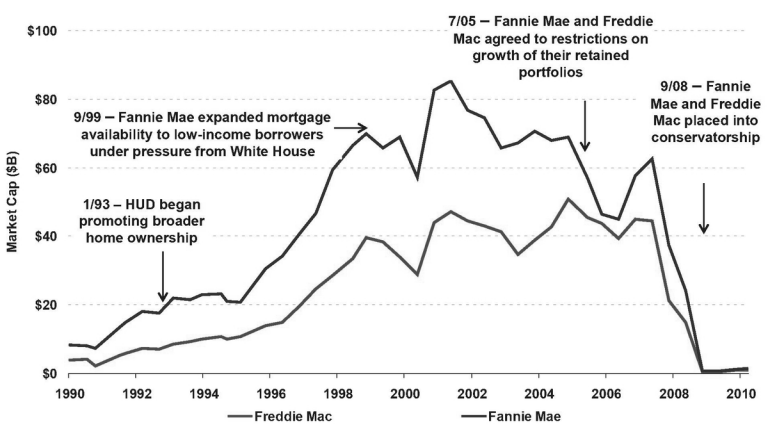
Fannie Mae & Freddie Mac – What do they do?

They are insurance and investment companies. Both buy residential and multifamily mortgages which conform to their underwriting standards from banks and other originators. They either hold them in their portfolios or package them into residential mortgage-backed securities (RMBS). These securities, which carry Fannie and Freddie's guarantee on them, are then sold to investors (banks, insurance companies, bond funds, etc.).

Source: Fannie Mae, Freddie Mac, Los Angeles Times.

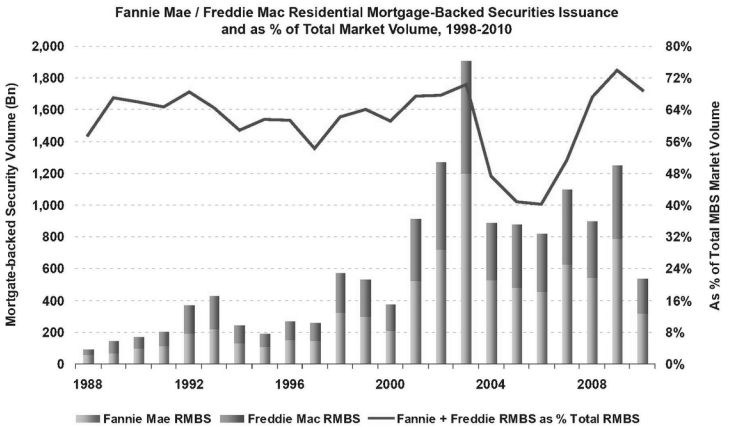
Fannie Mae & Freddie Mac: What Went Wrong?

Fannie Mae and Freddie Mac Public Market Capitalizations, 1990 – 2010



Note: HUD is Department of Housing and Urban Development. Source: FactSet.

Fannie Mae & Freddie Mac: Accounted for Majority of Total Residential Mortgage-Backed Securities (RMBS) Issuance Since 1990s



Sources: 1988-2006 data from Calculated Risk; Fannie Mae / Freddie Mac data from FHFA Annual Report to the Congress 2009, 2009 / 2010 data per EMBS and Hybrid Weekly.

Fannie Mae & Freddie Mac: Latest Estimated Ultimate Cost to Taxpayers Varies*

Base-Case Estimated Ultimate Net Loss**	Source	Comments / Assumptions
$389 Billion	Congressional Budget Office (CBO)	Net accrued loss to be borne by taxpayers, including net cash infusions (with implied default rate of ~5-10%) and risk premiums associated with federal government's implicit guarantee on GSEs' credit. Bulk of the net loss ($291B) occurred prior to and during F2009. On a cash basis, CBO's estimate would have been in line with White House OMB's estimate.
$160 Billion	White House Office of Management and Budget (OMB)	Net cash outlay to be borne by Treasury Dept. (and ultimately taxpayers), including Treasury Dept.'s cash outlays to purchase Fannie Mae & Freddie Mac preferred stock (with implied default rate of ~5-10%), minus cash received from dividends. Bulk of the net cash outlay ($112B) occurred prior to and during F2009.

*Note: *Latest estimated cost to taxpayers varies and continues to rise. **By F2019E. Source: CBO, OMB.*

Fannie Mae & Freddie Mac: Scenario Math – What Various Default Rates Could Mean for Taxpayer Ultimate Cash Cost

Fannie Mae / Freddie Mac Outstanding Loan Guarantees × Default Rate × Loss Severity* = Ultimate Cash Cost to Taxpayer

Outstanding Loan Guarantees	Default Rate	Loss Severity*	Ultimate Cash Cost to Taxpayer
$5 Trillion[1] (before government conservatorship in 9/08)	2%	50%	$50 Billion
	5%		$125 Billion
	10%		$250 Billion
	15%		$375 Billion
	20%		$500 Billion
	25%		$625 Billion

$160 Billion

Current CBO / OMB Forecasts of Ultimate Cash Cost of Fannie Mae / Freddie Mac

*Note: * Loss severity is liquidation value (foreclosure auction or other means) as a % of the loan amount adjusted for any advances and fees. Source: 1) Fannie Mae, Freddie Mac.*

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America Recovery & Reinvestment Act (ARRA): Recipient of 34% of Net Government (Taxpayer) Funding

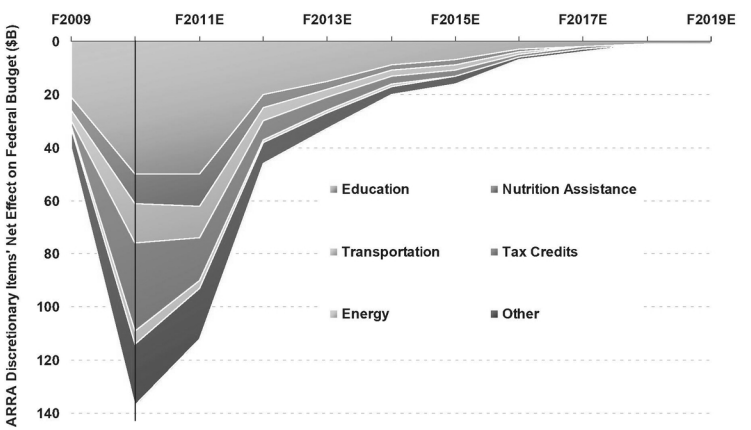
In ARRA (the economic stimulus program created in February, 2009), USA Inc. aims to create jobs and promote investment and consumer spending by cutting taxes, expanding unemployment benefits, and increasing spending in education, healthcare, infrastructure, and energy.

These measures are projected to increase federal spending by $500+ billion while reducing federal tax receipts by $275 billion over 10 years ($177 billion of which occurred in F2009 and F2010).

Source: White House Office of Management & Budget.

ARRA*: Negative Effect on Discretionary Budgets Should Peak in F2010, But Spending Commitments through F2019E Total $417 Billion

ARRA* Discretionary Items' Net Effect on Federal Budgets, F2009 – F2019E



*Note: *ARRA is American Recovery and Reinvestment Act of 2009. US federal fiscal year ends in September. Net effects on budgets are limited to discretionary spending items in ARRA. Source: Congressional Budget Office.*

ARRA: Spending Examples

Education – Used ARRA funding and saved education jobs, such as teachers, principals, librarians, and counselors

Tax Credits – Provided higher Earned Income Tax Credits

Transportation – Repaired roads and bridges

Energy – Provided additional funding for renewable energy and energy efficiency projects

Nutrition Assistance – Provided additional assistance for low-income families to purchase food

Other – Funding for various programs related to homeland security and law enforcement…

Longer-term taxpayer impact of GSE Loans + ARRA + TARP varies…regardless, it is material

What 'One-Time Charges' from F2008-F2010 May Look Like on Net Basis Over Next 10 Years

One-Time Charges from the 'Financial Crisis' are Not Created Equal – While TARP Was the Headliner, When All's Said & Done, TARP may be Smallest Component, by a Long Shot

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Balance Sheet Drilldown

Balance Sheet: USA Inc. Federal Debt + Unfunded Entitlement Liabilities (Social Security + Medicare…) Exceed Stated Assets

	F1996	•••	F2003	•••	F2009	F2010	Comments
ASSETS ($B)							
Cash & Other Monetary Assets	$193		$120		$393	$429	$200B cash balance owing to temporary Fed market stabilization initiatives
Accounts / Loans / Taxes Receivable	206		278		626	783	
Inventories	232		241		285	286	
Property, Plant & Equipment	969		658		784	829	
TARP + GSE Investments	--		--		304	254	Includes $145B TARP direct loans & equity investment + $109B in GSEs
Other assets	124		97		275	303	
Total Assets ($B)	1,724		1,394		2,668	2,884	Growth primarily owing to TARP capitalization + Fed liquidity program
Y/Y Growth	*33%*		*40%*		*35%*	*8%*	
LIABILITIES ($B)							
Accounts Payable	$162		$62		$73	$73	Significant rise in debt owing to on-going budget deficits + stimulus spending
Accrued Payroll & Benefits	--		100		161	164	
Federal Debt	3,730		3,945		7,583	9,060	
Federal Employee & Veteran Benefits Payab	1,652		3,880		5,284	5,720	Federal employee & veteran benefits rose 3x owing to scheduled annual pay raises + rising benefit costs
Liability to GSEs	--		--		92	360	
Other Liabilities	530		512		932	979	
Unfunded Net Entitlement Liabilities	5,415		20,825		45,878	30,857	Unfunded entitlement liabilities up 6x between F1996 and F2010.
Y/Y Growth	--		*16%*		*7%*	*-33%*	
NPV of Unfunded Social Security	$3,600		$4,927		$7,677	$7,947	Medicare NPV down sharply Y/Y owing to new assumptions from the Healthcare reform legislation
NPV of Unfunded Medicare	1,815		15,819		38,107	22,813	
NPV of Unfunded Other Benefits			79		94	97	
Total Liabilities ($B)	11,488		29,324		60,002	47,214	Significant increase from rising levels of debt + unfunded future benefits
Y/Y Growth	--		*14%*		*9%*	*-21%*	
NET WORTH ($B)	-$9,764		-$27,930		-$57,334	-$44,330	-$44T of net worth for USA Inc. more than tripled, from -$10T in 1996
Y/Y Growth	--		*13%*		*8%*	*-23%*	

Note: USA Inc.'s balance sheet presented here does not include the financial value of the Government's sovereign powers to tax, regulate commerce, and set monetary policy. It also excludes its control over nonoperational resources, including national and natural resources, for which the Government is a steward. Total liabilities include the net present value (NPV) of unfunded entitlement liabilities like Social Security / Medicare / other payments, which the Treasury Dept. considers 'off-balance sheet' responsibilities. U.S. government fiscal year ends in September. Source: U.S. Department of the Treasury, Financial Report on the U.S. Government, 1996 – 2010.

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USA Inc. Net Worth: -$44 Trillion in Perspective

There are doubts about the accuracy of such a big negative number, especially when the value of USA Inc.'s assets is so hard to calculate. The value of natural resources, the power to tax, the ability to print the world's reserve currency, the human capital in our educational system – these and other assets would clearly reduce that number, if they could be accurately calculated.

Given the differences between government and corporate accounting, what matters is not the exact number, but the trend – which is clearly moving in the wrong direction. Liabilities have been growing faster than assets. Just to put that $57 trillion into context…

-$44 Trillion =

- **$142,999 per Person in USA[1]**
- **$370,961 per Household[1]**
- **20x USA Inc. Annual Revenue[2]**
- **3.8x S&P500 Total Market Capitalization[3]**
- **3.0x USA Annual GDP[4]**
- **0.9x Global Stock Market Capitalization[5]**
- **0.8x Total USA Household Wealth[6]**

Source: 1) Population & household data as of 1/10, per Census Bureau estimates; 2) annual federal income in F2010, per Dept. of Treasury; 3) as of 1/11, per S&P; 4) GDP is 2010 nominal figure, per BEA; 5) as of 1/10, per World Federation of Exchanges; 6) as of CQ3:10, calculated as total net worth of households & nonprofit organizations, per Federal Reserve (12/10 data).

We Believe Citizens Should Consider These 'Off-Balance Sheet' Liabilities For A 'More Complete' Understanding of USA Inc.'s Finances

"…the Government's responsibilities to make future payments for social insurance and certain other programs are not shown as liabilities according to Federal accounting standards…These programmatic commitments remain Federal responsibilities and as currently structured will have a significant claim on budgetary resources in the future…The reader needs to understand these responsibilities to get a more complete understanding of the Government's finances."

Department of the Treasury,

"2004 Financial Report of the United States Government"

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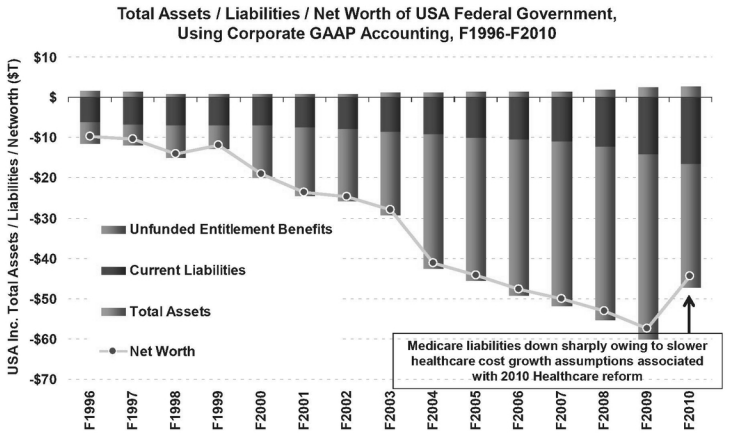
Balance Sheet: USA Inc. Total Liabilities*: **$47 Trillion** in F2010, or $395,093 per Household Owing Largely to Entitlement Spending



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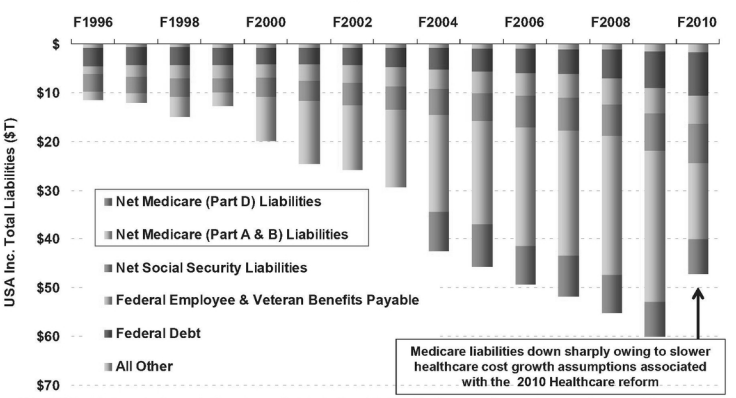
Balance Sheet: USA Inc. Total Liabilities: **$47 Trillion** in F2010 Up 5x From 1996, Driven by Medicare Liabilities



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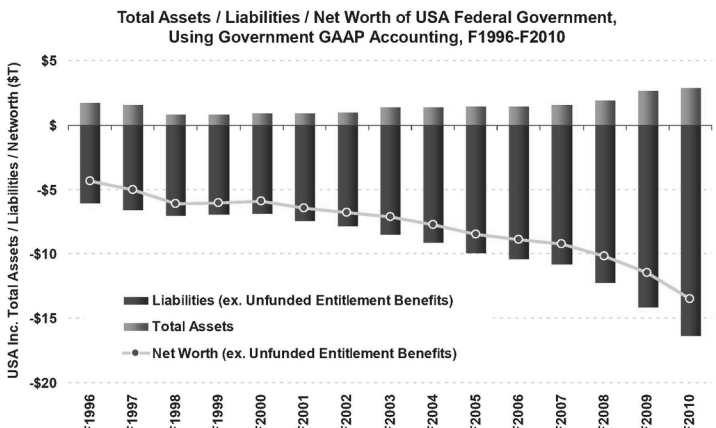
Important Caveats on F2010 Medicare Liability Improvement

- Medicare Part A and Part B unfunded liability improved to -$16 trillion in F2010, up 47% from -$31 trillion in F2009, per the Board of Medicare Trustees.
- The improvement was driven primarily by downward revisions of future cost growth assumptions following enactment of healthcare reform in 2010.
- However, Medicare's Chief Actuary Richard Foster noted that "*while the Patient Protection and Affordable Care Act, as amended, makes important changes to the Medicare program and substantially improves its financial outlook,* ***there is a strong likelihood that certain of these changes will not be viable in the long range****…Without major changes in health care delivery systems, the prices paid by Medicare for health services [as scheduled by current law] are very likely to fall increasingly short of the costs of providing these services…Congress would have to intervene to prevent the withdrawal of providers from the Medicare market and the severe problems with beneficiary access to care that would result. Overriding the productivity adjustments, as Congress has done repeatedly in the case of physician payment rates,* ***would lead to far higher costs for Medicare in the long range than those projected under current law…For these reasons, the financial projections shown [here] for Medicare do not represent a reasonable expectation for actual program operations in either the short range*** *(as a result of the unsustainable reductions in physician payment rates)* ***or the long range*** *(because of the strong likelihood that the statutory reductions in price updates for most categories of Medicare provider services will not be viable)."*

Note: Emphasis added. Source: Statement of Actuarial Opinion, 2010 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds.

Balance Sheet: Even Excluding Unfunded Entitlement Benefits, USA Inc.'s Net Worth = -$13 Trillion in F2010, Owing to $9 Trillion of Debt



Note: USA Inc.'s balance sheet presented here does not include the financial value of the Government's sovereign powers to tax, regulate commerce, and set monetary policy. It also excludes its control over nonoperational resources, including national and natural resources, for which the Government is a steward. Total liabilities exclude the net present value (NPV) of unfunded entitlement liabilities like Social Security / Medicare / other payments, which the Treasury Dept. considers 'off-balance sheet' responsibilities. U.S. government fiscal year ends in September. Source: U.S. Department of the Treasury, Financial Report on the U.S. Government, 1996 – 2010.

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Balance Sheet: Observations of Last Ten Years

- **Unfunded promise of future entitlement spending** grew 6x to -$31 trillion, owing to rapidly rising healthcare cost + new Medicare Part D program + aging population in the medium-future.
- **Federal net debt outstanding more than doubled** to $9 trillion **on the back of** chronic budget deficits, two major recessions in 2001 and 2008, and growing entitlement spending.
- **Federal employee & veteran benefits outstanding also more than doubled,** to $5.7 trillion, thanks to rising healthcare costs and ongoing war on terror.

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What Might a Turnaround Expert—Empowered to Improve USA Inc.'s Financials—Consider?

First, Examine USA Inc. Key Drivers of Revenue & Expenses…

- **USA Inc.'s <u>Revenue</u> = Highly Correlated (83%) with GDP Growth***
  - 90% of USA Inc.'s 2010 revenue derived from taxing individual and corporate income, which depends on GDP growth and changes to tax rates / composition.

- **USA Inc.'s <u>Expenses</u> = Less (73%) Correlated with GDP Growth***
  - *Entitlement Programs* = 57% of USA Inc.'s expenses in 2010
    - driven by government policy + demographic changes
  - *Defense Programs* = 20% of expenses
    - driven by external threat levels and policy
  - *Net Interest Payments* = 6% of expenses
    - driven by net debt level + interest rates + composition of debt maturity

<u>Observation: while revenue is highly correlated with GDP growth, expenses are less so.</u>

*Note: *Historical inflation-adjusted correlation between GDP and revenue / expense Y/Y growth rates from 1940 to 2010, GDP / revenue adjusted using GDP deflator; expenses adjusted using White House OMB's composite outlay deflator. Nominal revenue / GDP correlation over the same period is 84%; expense / GDP correlation is 71%. Data source: White House Office of Management & Budget, CBO.*

Then, Aim to Determine What 'Normal' Is…

- We review **40-year income statement patterns** and focus on 'average' / 'normal' levels of USA Inc.'s revenue drivers (primarily related to taxes) and expense drivers (by category) as a percent of revenue, as a starting point to help define 'average' / 'normal.'
- Established businesses typically determine their expense levels based on their revenue trend / outlook.
- In a perfect world, the government (and its citizens) would continually review the multiple variables in the income statement of USA Inc. (in a bipartisan way) and would **work hard to foster compromise, in order to optimize** revenue and expenses for the long term AND the short term.

Considering USA Inc. 'Normal' / Average Financial Metrics / Ratios For…

1) Revenue Growth

2) Revenue Drivers as Percent of Revenue

3) Expense Growth by Category

4) Category Expenses as Percent of Expenses

Revenue Growth: Average Federal Revenue (Driven by Taxes) In-Line With GDP Growth

1965 – 2005 USA Real Federal Income Growth by Category vs. Real GDP Growth

	Revenue Growth				
	1965 Y/Y	2005 Y/Y	40-yr CAGR	*'05 vs 40-yr Variance*	Comments
Individual Income Taxes	11%	11%	3%	*8%*	Individual & corporate income taxes are cyclical; 2005 Y/Y growth were significantly affected by economic recovery post 2001 recession.
Corporate Income Taxes	15	43	2	*41*	
Social Insurance Taxes	12	5	5	*1*	Social insurance taxes & other fees are less cyclical. Social insurance taxes grew significantly faster than GDP.
Other Taxes & Fees	-5	1	1	*0*	
Total Federal Revenue	9%	11%	3%	*8%*	
Real GDP	7%	3%	3%	*0%*	

"Normal"

Note: All data are inflation adjusted using GDP price index from BEA; '05 vs. 40-yr variance is rounded.
Data source: White House Office of Management & Budget.

Revenue Growth: Observations from Previous Slide

We chose a 40-year period from 1965 to 2005 to examine 'normal' levels of revenue and expenses. We did not choose the most recent 40-year period (1969 to 2009) as USA was in deep recession in 2008 / 2009 and underwent significant tax policy fluctuations in 1968 /1969 and subsequently many metrics (like individual income and corporate profit) varied significantly from 'normal' levels.

Total USA Inc. revenue (collected via taxes) has grown at an average 3% annual rate, in-line with 40-year GDP growth rate. Corporate taxes have – on average – grown at 2% annually over 40 years. Social insurance taxes (for Social Security and Medicare) have grown at an average 5% annual rate, above the 3% GDP growth.

Questions:

1) How crucial is the role played by lower relative tax rates – especially for corporations – in stimulating job and GDP growth and helping American maintain / gain / constrain loss of global competitive advantage?

2) Should social insurance tax growth be more closely aligned with GDP growth?

Note: All data are inflation adjusted using GDP price index from BEA; '05 vs. 40-yr variance is rounded.
Data source: White House Office of Management & Budget.

Revenue Drivers as Percent of Total Revenue: Average Federal Revenue Are Skewed to Social Insurance (Entitlement) Taxes and Away from Corporate Income Taxes

1965 – 2005 USA Real Federal Income Mix by Category

	Share of Total Revenue			
	1965	2005	40-yr Average	*'05 vs 40-yr Variance*
Individual Income Taxes	42%	43%	46%	*-3%*
Corporate Income Taxes	22	13	12	*1*
Social Insurance Taxes	19	37	33	*4*
Other Taxes & Fees	17	7	10	*-3*
Total Federal Revenue	100%	100%	100%	*0%*

↑ **"Normal"**

Note: All data are inflation adjusted using GDP price index from BEA; '05 vs. 40-yr variance is rounded.
Data source: White House Office of Management & Budget.

Revenue Drivers as Percent of Revenue: Observations from Previous Slide

Social Insurance taxes (for entitlement programs) have risen materially to 37% of revenue (vs. 33% 40-year average), and have risen aggressively from 19% in 1965, owing to introduction of Medicare in 1965 and the 1983 reform of social security taxes.

Questions:

1) What level of social insurance / entitlement 'tax' can USA Inc. support on an on-going basis? Rising from 19% of revenue in 1965 to 33% of revenue in 2005 – of which 75% was spent on healthcare – takes its toll on other areas of spending / growth. There are serious tradeoffs - every dollar that goes to entitlement programs is not spent on education, infrastructure, and defense.

2) Why have corporate income taxes fallen to 13% of revenue in 2009 from 22% in 1965 aside from recession? How crucial has this been to maintain global competitive advantage and stimulating American job and GDP growth?

Note: All data are inflation adjusted using GDP price index from BEA; '05 vs. 40-yr variance is rounded.
Data source: White House Office of Management & Budget.

Expense Growth by Category: Entitlement Spending Growing Much Faster than Other Expenses and 2% Higher than GDP Growth

1965 – 2005 USA Real Federal Expenses Growth by Category vs. Real GDP Growth

	Expenses Growth				
	1965 Y/Y	2005 Y/Y	40-yr CAGR	*'05 vs. 40-yr Variance*	Comments
Entitlement Expenses	12%	3%	6%	*-3%*	**Entitlement expenses grew 2 percentage points faster than GDP and overall expenses**
Defense	12	6	1	*4*	**Defense spending grew 2 percentage points below overall expenses**
Non-Defense Discretionary*	10	6	2	*4*	
Net Interest Payments	7	12	3	*8*	
Total Federal Expenses	11%	5%	3%	*2%*	
Real GDP	7%	3%	3%	*0%*	

↑ **Normal**

*Note: All data are inflation adjusted using GDP price index from BEA; '05 vs. 40-yr variance is rounded. *Non-defense discretionary spending includes education, infrastructure, agriculture, housing, etc. Data source: White House Office of Management & Budget.*

Expense Growth by Category: Observations from Previous Slide

While GDP and USA Inc. tax revenue have grown at a 3% annual rate for 40 years, entitlement spending has grown 5%, net interest payments have risen 3%, and defense plus non-defense discretionary spending (including education, infrastructure, law enforcement and judiciary) have risen by 1%. These different growth rates have become even more pronounced in recent years.

Questions:

1) Isn't it time for a re-set and acknowledgment of trade-offs? Should taxes, non-defense discretionary spending, and defense spending grow in line with GDP over time? Should entitlement spending be restructured to be more efficient and supportable by the ongoing financial dynamics of USA, Inc. and also grow in line with or below GDP?

Note: All data are inflation adjusted using GDP price index from BEA; '05 vs. 40-yr variance is rounded. Data source: White House Office of Management & Budget.

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Expense Drivers as Percent of Total Expenses: Entitlement + One-Time Items Are Crowding Out Other Federal Spending

1965 – 2005 USA Real Federal Expenses Mix by Category

	Share of Total Expenses			
	1965	2005	40-yr Average	*'05 vs. 40-yr Variance*
Entitlement Expenses	21%	51%	42%	*9%*
Defense	43	20	24	*-4*
Non-Defense Discretionary*	29	22	23	*-1*
Net Interest Payments	7	7	11	*-4*
Total Federal Expenses	100%	100%	100%	*0%*

↑ **Normal**

*Note: All data are inflation adjusted using GDP price index from BEA; '05 vs. 40-yr variance is rounded. *Non-defense discretionary spending includes education, infrastructure, agriculture, housing, etc. Data source: White House Office of Management & Budget.*

Category Expenses as Percent of Expenses: Observations from Previous Slide

Entitlement spending has risen to 51% of total spending, higher than 40-year average of 42% (and much higher than the 21% in 1965), defense spending has fallen to 20% from 24% average, non-defense discretionary spending (including education, infrastructure, energy, law enforcement and veteran services) has fallen to 22% from 23%, and net interest payments have fallen to 7% from 11%, despite higher debt (largely because of declining interest rates). These trends have become more pronounced in recent years.

Questions:

1) Should entitlement spending account for 51% (and rising) share of total USA Inc.'s spending, while other key areas (such as education, infrastructure, energy, law enforcement…) account for only 22% (and falling) of spending?

Note: All data are inflation adjusted using GDP price index from BEA; '05 vs. 40-yr variance is rounded. Data source: White House Office of Management & Budget.

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Bottom Line, as Data in This Presentation Indicate…

USA Inc.'s expenses far exceed revenue – and government projections imply this trend will get worse, not better.

In addition - while not addressed in depth in this presentation - USA Inc. (while still a global powerhouse), at the margin, is losing competitive advantage to many other countries.

Instead of ignoring the problems, we simply ask the question…
How would a financial / turnaround expert look at USA Inc.'s financials, business model, strategic plans, efficiency and aim to drive the 'business' to break-even (or a modest profit) over the next 5-10 years?

Matching Expenses & Revenue: Imperatives & Constraints

There are many reasons to make changes

- USA Inc. is losing money, and forecasts imply it will continue to lose money.
- Net debt levels (62% in F2010) are expected to surpass 90% threshold* – above which real GDP growth could slow by more than one percentage point – by 2021E.
- Spending (primarily related to entitlement programs) is at unsustainable levels based on USA Inc.'s ability to fund the spending (without increasing debt levels).
- Americans rank 'reducing America's debt' as one of country's top priorities, according to a national survey by Peter G. Peterson Foundation in 11/09.
- We are now in the midst of a major generational baton-passing (from the Baby Boomers to Generation X) which requires preparation for policy change.
- Foreigners own 46% (and rising) of USA Inc.'s debt, per Treasury Department – Are they going to keep funding USA Inc.'s spending?

*Note: *Carmen Reinhart and Kenneth Rogoff observed from 3,700 historical annual data points from 44 countries that the relationship between government debt and real GDP growth is weak for debt/GDP ratios below a threshold of 90 percent of GDP. Above 90 percent, median growth rates fall by one percent, and average growth falls considerably more. We note that while Reinhart and Rogoff's observations are based on 'gross debt' data, in the U.S., debt held by the public is closer to the European countries' definition of government gross debt. For more information, see Reinhart and Rogoff, "Growth in a Time of Debt," 1/10.*

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Matching Expenses & Revenue: Imperatives & Constraints

There are many constraints to making changes

- ~90 million citizens (29% of Americans)[1] have grown accustomed to entitlement programs - 47MM on Medicaid, 45MM on Medicare, and 51MM on Social Security, and many of them vote.
- Politicians depend on re-election campaigns, which can create conflicts, especially given that only 12% of the population are willing to cut Social Security and Medicare benefits, per Pew survey in 2/11.
- Low personal savings rates (near 6% of disposable income in CQ2:10), high unemployment (near 10%) and economic uncertainty, which can limit ability to make radical change.
- 14 million healthcare-related workers[2] have grown accustomed to relatively high healthcare spending.

Note: 1) as of 2008, excludes double counting of beneficiaries of multiple entitlement programs; 2) as of 2008, per BEA. Source: Social Security Administration, Dept. of Health & Human Services, BEA.

And Then There's the Constraint of USA Inc.'s Weak Economy

[The] typical error most countries make coming out of a financial crisis is they shift too quickly to premature restraint. You saw that in the United States in the 30s, you saw that in Japan in the 90s. It is very important for us to avoid that mistake. If the government does nothing going forward, then the impact of policy in Washington will shift from supporting economic growth to hurting economic growth.

Timothy Geithner, Secretary of US Treasury

The Wall Street Journal, September 12, 2010

High-Level Thoughts on How to Turn Around USA Inc.'s Financial Outlook

Negative Cash Flow = USA Inc.'s Fundamental Financial Problem

- **Negative cash flow implies that USA Inc. can't afford the services it is providing to 'customers' (citizens).**
- **USA Inc. needs to re-prioritize its services and offer them in a more cost-effective way to stop losing (and borrowing) money.**
- **The financial data imply that USA Inc.'s operations must be restructured.**

The First Step to a 'Turnaround' is Acknowledging There is a Problem

A turnaround situation is first recognized when there is serious concern or dissatisfaction with the firm's [organization's] performance, results, and/or near-term forecasts of [financial] performance and results.

- Richard Sloma, *The Turnaround Manager's Handbook*

If your organization is in trouble, be honest. Make it absolutely clear to everyone in the company that survival [long-term viability] depends on cost management.

- Jon Meliones, "Saving Money, Saving Lives," *Harvard Business Review on Turnarounds*

How Might a 'Turnaround Expert' Look at an Organization that Needs to be 'Turned Around?'

The recovery of a [challenged] company [or country]…depends on the implementation of an appropriate rescue plan or turnaround prescription. Characteristics of the appropriate remedy are that it must: 1) address the fundamental problems; 2) tackle the underlying causes (rather than the symptoms) and 3) be broad and deep enough in scope to resolve all the key issues.

- Stuart Slatter, David Lovett, Laura Barlow, *Leading Corporate Turnaround*

Aim to Answer Questions Like These About USA Inc.…

Strategy / Financial Model

- Which countries (or states) have 'best practices' (based on productivity and outcomes) in key areas of operations (like healthcare, retirement plans, welfare, defense, education, infrastructure) – which of these best practices can / should be implemented by USA Inc.?
- What is the organization trying to solve for - what is USA Inc.'s mission? / Who are USA Inc.'s customers?
- Is USA Inc. providing its customers an optimized mix of services, based, in part, on ability to fund the services?
- Are there 'business lines' that USA Inc. should exit / scale back / expand?
- Why is USA Inc. spending more money than it brings in (and borrowing more money) – what are the checks and balances?
- What do USA Inc.'s financials tell us about the health of the business?
- Should USA Inc. consider a capital budget separated from the operating budget to ensure sufficient levels of investment in education, technology and infrastructure?
- What are the best attributes / biggest problems of USA Inc.'s business?
- Does USA Inc. have a path to profitability (or break-even)?
- How should the government improve transparency in long-term budgeting and projections? How can USA Inc. engage the public in this process?

Source: KPCB and Alvarez & Marsal Public Sector Services, LLC.

…Aim to Answer Questions Like These About USA Inc.…

People / Organizational Structure

- Has management effectively articulated a sound mission to its employees and constituents - is USA Inc. properly organized to effectively achieve its mission?
- Does the organization have the right people, in the right places, at the right time?
- Does the business have a best-in-class leadership team and are they empowered to make change?
- Are employees motivated / empowered / accountable for maximum performance?
- Are employees properly trained and compensated?
- Has the organization 'run the numbers' and effectively quantified the things that are quantifiable?
- Do leading performance measures exist that support proactive management?
- How do you change the culture to be one that is steeped with focus on costs savings and operating efficiency?

Source: KPCB and Alvarez & Marsal Public Sector Services, LLC.

…Aim to Answer Questions Like These About USA Inc.

Productivity / Operations

- How does USA Inc. measure performance and progress – are tools in place to measure success / failure?
- Should USA Inc. empower an independent / 3rd party auditor with expertise in government operations around the world AND corporate turnarounds to conduct a broad-ranging audit of USA Inc.'s operations to measure efficiency and productivity of each business lines?
- Does USA Inc. have tight management and financial controls?
- What is the best way to measure and improve individual program performance? Can Congress, the administration and the agencies agree on common metrics?
- Are there operations that should be centralized (like procurement, human resources, employee payroll and benefits) and decentralized?
- Are there operations that USA Inc. can outsource to local private companies to improve efficiency and reduce costs?
- Where should USA Inc. increase and or decrease investment?
- Is USA Inc. investing for the future in a responsible way?
- Should USA Inc. drive public / private partnership in infrastructure investment with collective 'skin in the game?'
- Is the organization leveraging technology to improve productivity and connect with customers and suppliers?
- How can USA Inc. improve business process related to time, cost and quality?
- Does USA Inc. own assets it doesn't need that it can sell at attractive prices?

Source: KPCB and Alvarez & Marsal Public Sector Services, LLC.

Three Principles for a USA Inc. 'Turnaround' from Louis Gerstner

- **Do not impose "across-the-board" cost reductions**
  - This is a simple and tempting remedy for an organization in fiscal trouble. But it is almost always unproductive. A truly effective organization needs incremental investments in programs that drive innovation and higher productivity. Moreover, across-the-board cuts are almost guaranteed to reduce morale, promote short-sighted choices, and encourage accounting gimmicks that send people looking for loopholes instead of creative solutions.
- **Focus on programs, not costs**
  - The greatest productivity gains come from asking questions such as: What things are we doing now that we do not need as much in the future? Can we eliminate them? Reduce their size? Provide them in a totally restructured fashion?
- **Allow no exceptions**
  - To drive a truly effective restructuring program, everything must be on the table. There can be no sacred cows—no part of the organization that is exempt from scrutiny. Every unit of the organization may not face a cut, but every unit needs to be rethought.

Source: Louis V. Gerstner Jr. "Don't Just Cut Government, Reinvent It," Opinion in The Wall Street Journal, 2/1/2011.

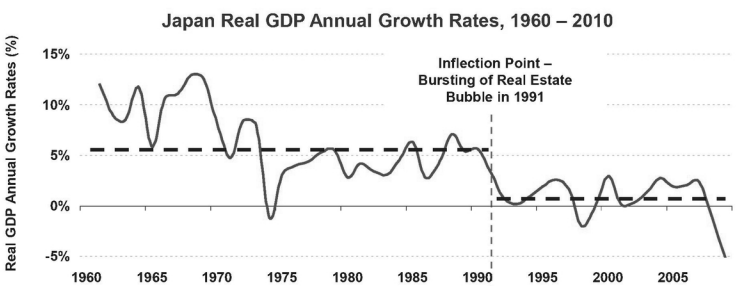
Financial Experts Tend to 'Assume What Can Go Wrong, Will Go Wrong,' and Usually Manage Expenses in that Way

- In projecting scenarios, financial experts would note that USA Inc.'s revenue and expenses are highly correlated to economic changes – for example, a 0.1 percentage point slowdown in real GDP annual growth rate could worsen USA Inc.'s F2011-F2020E budget deficit by $288B, or 5% owing to lower tax revenue and higher welfare spending.

Key Economic Variables	CBO Base-Case Assumption	What if…	F2011-F2020E Impact on USA Inc.'s: Revenue ($B / % of Base-Case)	Spending ($B / % of Base-Case)	Deficit ($B / % of Base-Case)
Real GDP Y/Y Growth Rate	2.1% F2011E 4.4% F2012-14E 2.4% F2015-20E	Real GDP growth rates are 0.1 percentage point lower per year	-$247B (-1%)	+$41B (--%)	-$288B (-5%)
Interest Rates	4.6% on 3-month T-bills 5.5% on 10-year T-notes	Interest rates are 1 percentage point higher	+$94B (+0.3%)	+$1,214B (+3%)	-$1,120B (-19%)
Inflation	1.7%	Inflation is 1 percentage point higher	+$2,475B (+7%)	+$3,191B (+7%)	-$715B (-12%)

Source: CBO, "The Budget and Economic Outlook: Fiscal Years 2010 to 2020," 1/10.

Past Performance Does Not Guarantee Future Results – Japan's Economic Miracle From 1960 to 1990 Rapidly Deteriorated Into the 'Lost Decades' of 1990's & 2000's

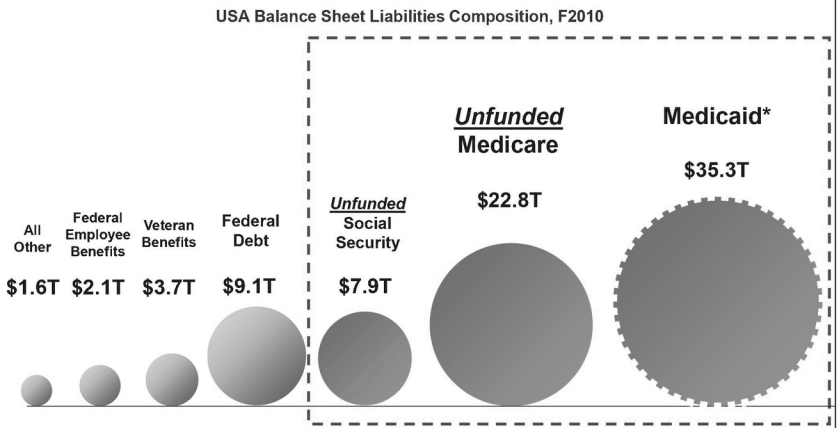


Average Annual Real GDP Growth, Japan vs. USA, 1960's – 2000's

	1960's	1970's	1980's	1990's	2000's
Japan	10%	5%	4%	1.5%	0.7%
USA	4%	3%	3%	4%	2%

Source: World Bank, IMF.

Unfunded Entitlement (Medicare + Social Security) + Underfunded Entitlement Expenditures (Medicaid) = Among Largest Long-Term Liabilities on USA Inc.'s Balance Sheet



Note: Medicaid funding is appropriated by Congress (from general tax revenue) on an as-needed basis every year, therefore, there is no need to maintain a contingency reserve, and, unlike Medicare, the "financial status" of the program is not in question from an actuarial perspective. Here we estimated the net present value of future Medicaid spending through 2085E, assuming a 3% discount rate. Data source: Dept. of Treasury, Dept. of Health & Human Services Center for Medicare & Medicaid Services.

USA Inc.'s Financial Disconnect

The country faces a fundamental disconnect between the services the people expect the government to provide, particularly in the form of benefits for older Americans, and the tax revenues that people are willing to send to the government to finance those services. That fundamental disconnect will have to be addressed in some way if the budget is to be placed on a sustainable course.

- Douglas Elmendorf, Director of U.S. Congressional Budget Office, 11/10/2009

An Observation from Ben Bernanke, Current Chairman of the Federal Reserve

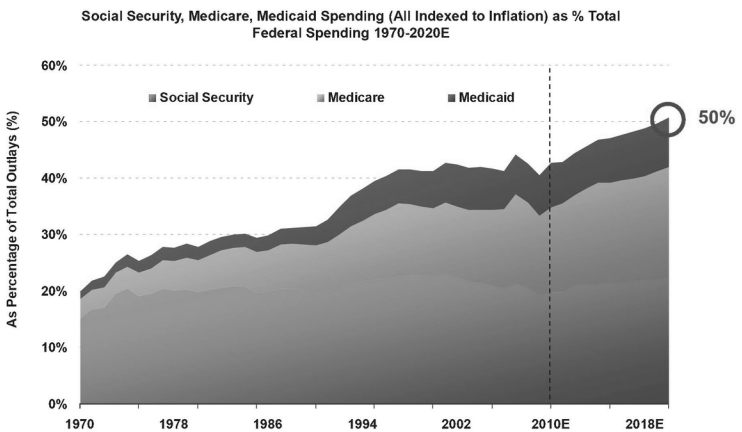
A famous economist once said anything that can't go on forever will eventually stop, and this [government liabilities from entitlement programs] will stop, but it might stop in a very unpleasant way in terms of sharp cuts, a financial crisis, high interest rates that stop growth, continued borrowing from abroad. So, clearly we need to get control of this over the medium term, and ***specifically we're going to have to look at entitlements because that's a very big part of the obligations of the federal government going forward****.*

-- Ben Bernanke, Chairman of the Federal Reserve

Testimony before House Budget Committee, June 9, 2010

Note: Emphasis added.

Bad News: USA Inc.'s Entitlement Programs are Inflation Indexed, Thus Potential Inflation – Which Would Reduce General Consumer Purchasing Power – Would Not Reduce Entitlement Liabilities



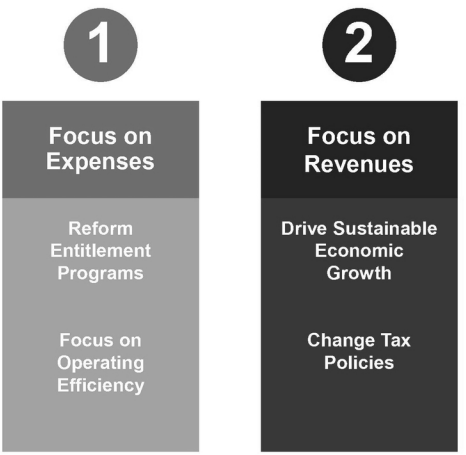
Data sources: The Budget and Economic Outlook, CBO 6/10.

Good News: While 'Unfunded' Liabilities Have Helped Bankrupt Companies, USA Inc.'s Unfunded Liabilities are Not Legal Contracts

- **Medicare / Social Security** – While beneficiaries have a legal entitlement to receive benefits as set forth under the Social Security Act, **Congress has the legal authority to change the levels of benefits and/or the conditions under which they are paid**. Congress's authority to modify provisions of the Social Security program was affirmed in the 1960 Supreme Court decision in *Flemming v. Nestor*, wherein the Court held that an individual does not have an accrued "property right" in Social Security benefits. The Court has made clear in subsequent decisions that the payment of Social Security taxes conveys **no contractual rights to Social Security benefits.**
- **Medicaid** – Benefit levels & eligibility are determined jointly by Federal and State governments. Federal funding is met through an appropriation by Congress (and can be adjusted annually).

Source: Congressional Research Service, Social Security Reform: Legal Analysis of Social Security Benefits Entitlement Issues.

What Might a Turnaround Expert Consider?



Focus on Expenses: Reform Entitlement Programs + Focus on Operating Efficiency

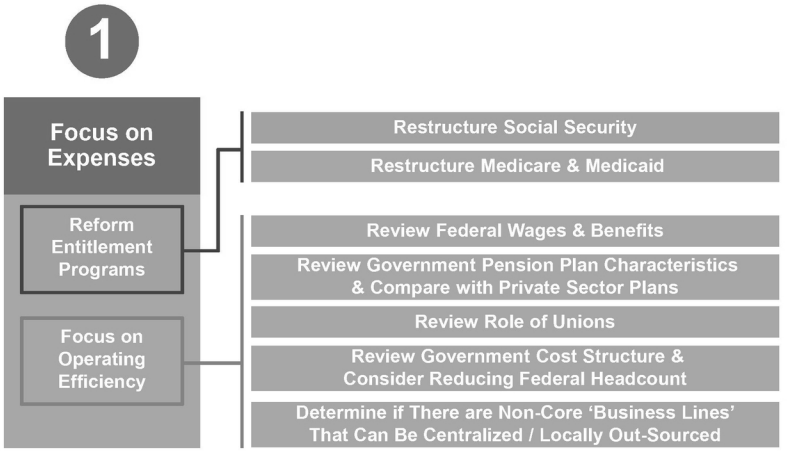
Focus on Expenses

- **Reform Entitlement Programs**
  - Restructure Social Security
  - Restructure Medicare & Medicaid
- **Focus on Operating Efficiency**
  - Review Federal Wages & Benefits
  - Review Government Pension Plan Characteristics & Compare with Private Sector Plans
  - Review Role of Unions
  - Review Government Cost Structure & Consider Reducing Federal Headcount
  - Determine if There are Non-Core 'Business Lines' That Can Be Centralized / Locally Out-Sourced

For Each of the Major Problems, We Highlight: 1) Mathematical Illustrations and 2) Policy Options

- **Mathematical Illustrations**
  - Here we simply calculate how big a revenue increase *and/or* expense decrease each major entitlement program needs to reach financial break-even.
  - These calculations are merely mechanical illustrations and are not meant to portray realistic solutions.

- **Policy Options**
  - We do not take a view on preferred policy options.
  - We present policy options from our healthcare experts + 3rd party organizations (such as the Congressional Budget Office and National Commission on Fiscal Responsibility and Reform) in an easy-to-understand format to raise awareness and illustrate the financial impact of policy decisions.



Restructure Social Security: Variables To Make the Program Financially Break-Even for the Long-Term

Mathematical Illustrations* **Slide 257–259**

1) Retirement age – increase it to 73, from 67? ***or***

2) Social Security benefits – decrease them by 12%? ***or***

3) Social Security tax rate – increase it by 2 percentage points?

Policy Options Slide 261–267

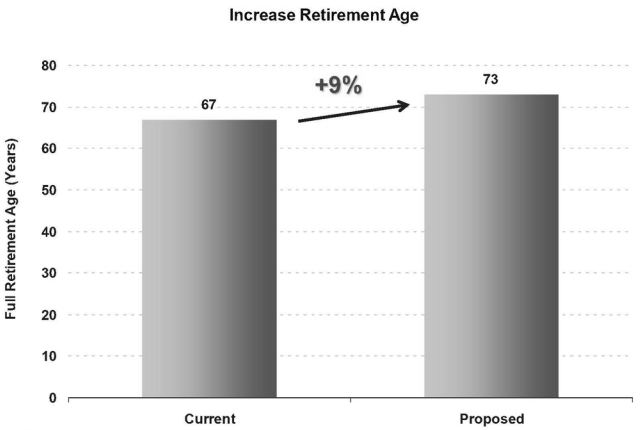
1) Combination of some / all mathematical illustrations above? ***and/or***

2) Consider / implement CBO's various policy options on Social Security's tax rates / taxable payroll / initial benefit formulas / cost-of-living adjustment… (July 2010)**? ***and/or***

3) Consider / implement National Commission on Fiscal Responsibility and Reform's policy proposals (November 2010)***?

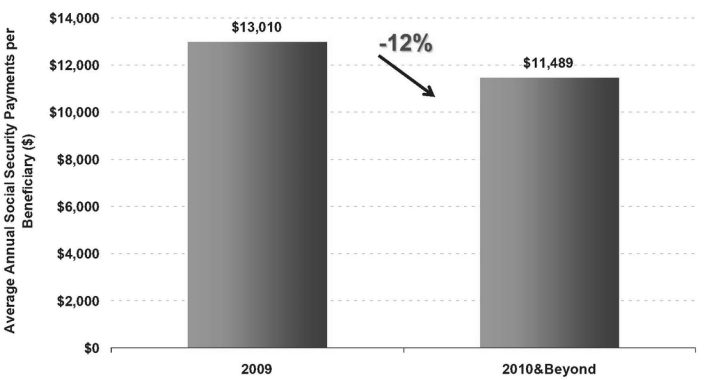
*Note: *For mathematical illustrations, we simply calculate how big a revenue increase AND / OR expense decrease each major entitlement program needs to reach financial break-even. These calculations are merely mechanical illustrations and are not meant to portray realistic solutions. **See: CBO, "Social Security Options 2010." ***See: National Commission on Fiscal Responsibility and Reform, CoChairs' Proposal, 11.10.10 Draft Document.*

Restructure Social Security: Mathematical Illustration #1 – Increase Retirement Age From 67 to 73



Note: For mathematical illustrations, we simply calculate how big a revenue increase AND / OR expense decrease each major entitlement program needs to reach financial break-even. These calculations are merely mechanical illustrations and are not meant to portray realistic solutions.
Note: Increase full retirement age to 73 will reduce average life expectancy at retirement to the same level as when Social Security was introduced in the late 1930s. Source: Melissa M. Favreault and Richard W. Johnson, The Urban Institute, "Raising Social Security's Retirement Age," 7/10.

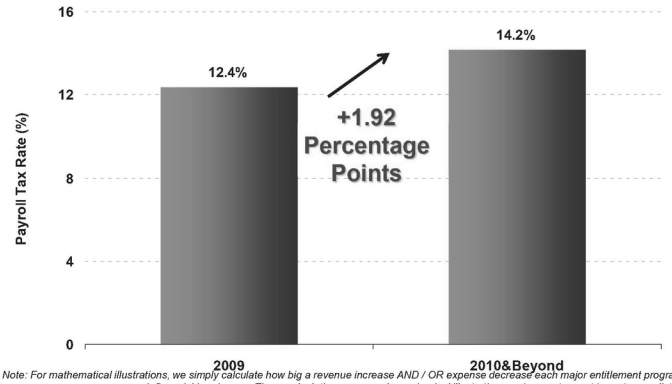
Restructure Social Security: Mathematical Illustration #2 – Reduce Social Security Expenses (Benefits) By 12%



Note: For mathematical illustrations, we simply calculate how big a revenue increase AND / OR expense decrease each major entitlement program needs to reach financial break-even. These calculations are merely mechanical illustrations and are not meant to portray realistic solutions.
Source: Social Security Administration forecast in "The 2010 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds," 8/10.

Restructure Social Security: Mathematical Illustration #3 – Increase Social Security Tax Rate From 12.4% to 14.2%

Increase Social Security Tax Rate by 1.92 Percentage Points, Immediately & Permanently



Note: For mathematical illustrations, we simply calculate how big a revenue increase AND / OR expense decrease each major entitlement program needs to reach financial break-even. These calculations are merely mechanical illustrations and are not meant to portray realistic solutions.
Note: 1.92% is the estimated actuarial deficit for Social Security Trust Fund over a 75-year period from 2010 to 2085.
Source: Social Security Administration forecast in "The 2010 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds," 8/10.

Good News: Mathematical Illustrations to Fix Social Security's Financial Problems Do Not Seem Drastic

In fact, when Social Security was nearing bankruptcy in 1983, a combination of moderate reforms led to 25 consecutive years of operating surpluses.

Highlights of 1983 Social Security Reform

1) Raised full retirement age to 67 by 2027 (from 65)*

2) Reduced annual benefits by 5% (via a 6-month delay in cost-of-living adjustment in 1983 & subsequent changes in benefit formulas and tax schemes) .

3) Raised Social Security tax rates by 2.3% (via an advancement in scheduled tax increase).

4) Made Social Security benefits (up to 50%) taxable income.

*Note: *For people born in 1937 or earlier, full retirement age (with 100% Social Security benefit) remained at 65. For people born after 1960, full retirement age was raised to 67. For people born between 1937 and 1960, the full retirement age progressively increases from 65 to 67. Source: Social Security Administration archive.*

Restructure Social Security: Policy Options #1 – Combining Raising Retirement Age + Reducing Benefits + Raising Tax Rates

Consider:

1) Increase retirement age by 0-9% ***and/or***

2) Reduce social security benefits by 0-12%? ***and/or***

3) Increase social security tax rate from 12.4% to 14.2%? ***and/or***

4) Combination of some / all of the above & more?

Restructure Social Security: Policy Options From the Congressional Budget Office (CBO) to Reduce Social Security Future Deficits By 1) Changing Tax Codes[1]

Policy Options		Future Deficit Reduction[2] (%)
Increase Payroll Tax Rate by …	2% gradually over a 20-year period	100%
	3% gradually over a 60-year period	83
	1% in 2012	50
Raise the Taxable Earnings Limit[3] to …	No limit, without Increasing benefits	150%
	No limit	100
	$250,000, without Increasing benefits	83
	90% of earnings	33
Impose 4% Tax on Earnings Above …	$106,800, without Increasing benefits	50%
	$250,000, without Increasing benefits	17

Note: 1) Benefits are adjusted as taxation is changed, unless specified otherwise 2) As % of the estimated present value of Social Security trust fund cumulative deficit in future 75 years. 3) Currently at $106,800
Source: CBO, "Social Security Options 2010."

Restructure Social Security: CBO's Policy Options to Reduce Social Security Future Deficits By 2) Changing Benefit Formula

Policy Options		Future Deficit Reduction (%)
Reduce Primary Insurance Amount[1] Factors ...	To Index Initial Benefits to Prices Rather Than Earnings	167 %
	By ~33% for top 2 tiers of earnings[3]	117
	By 15% for all tiers of earnings	83
	By 0.5% every year for all tiers of earnings	67
	By ~33% for the top tier of earnings	17
Index ...	Earnings in AIME[2] + Bend Points in PIA[1] to price	100%
	Bend Points in PIA[1] formula to price	83
	Earnings in AIME[2] formula to price	33
	Initial benefits to changes in life expectancy	33
Lower Initial Benefits[4] for ..	The top 70% of earners	83%
	The top 50% of earners	67

Note: 1) Primary Insurance Amount (PIA): the benefit a person would receive if he/she elects to begin receiving retirement benefits at his/her normal retirement age 2) Average Indexed Monthly Earnings (AIME): an average of monthly income received by a beneficiary during their work life 3) Currently there are 3 tiers of earnings in calculation of PIA – top tier = 15% of monthly earnings over $4,586; tier 2 = 32% of monthly earnings between $761 and $4,586; tier 3 = 90% of monthly earnings below $761 4) Benefits for newly qualified individuals. Source: CBO, "Social Security Options 2010."

Restructure Social Security: CBO's Policy Solutions to Reduce Social Security Future Deficits By 3) Raising Retirement Age / Lower Cost-of-Living Adjustment

Policy Options		Future Deficit Reduction (%)
Adjust Full Retirement Age	To 70	50%
	Index to life expectancy	33
	To 68	17
Adjust Cost-of-living Adjustment[1]	Reduce It by 0.5 Percentage Points	50%
	Base It on the Chained CPI for All Urban Consumers	33

Notes: 1) Cost-of-Living Adjustment (COLA): increases of Social Security's general benefit based on cost of living, as currently measured by CPI for Urban Wage Earners and Clerical Workers (CPI-W). Source: CBO, "Social Security Options 2010."

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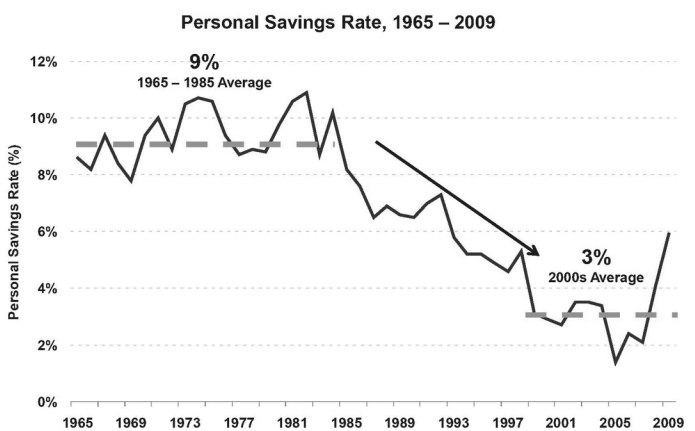
Restructure Social Security: Policy Options From Report of the National Commission on Fiscal Responsibility and Reform

Policy Options	Future Social Security Deficit Reduction[1]
Gradually reduce future benefit payments to high earners while increasing them for low earners by 2050	37%
Gradually increase taxable maximum to 90% of covered earnings by 2050	35%
Apply refined inflation measure (chained-CPI) to cost-of-living index	26%
Gradually increase retirement ages to 68 by 2050 / 69 by 2075	21%
Other[2]	--
Total Future Social Security Deficit Reduction	**116%[3]**

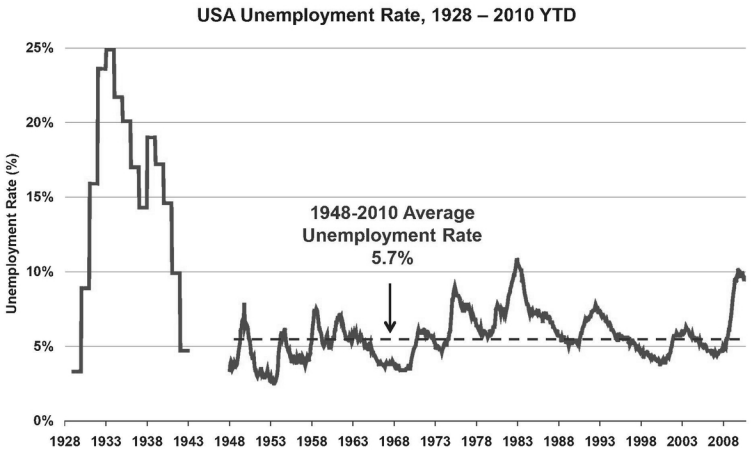
Note: 1) As % of the estimated present value of Social Security trust fund cumulative deficit in future 75 years. 2) Other measures include boosting benefit to oldest old retirees and covering newly hired state and local workers after 2020. 3) total deficit reduction does not equal to the sum of individual reductions owing to policy interplay. Source: National Commission on Fiscal Responsibility and Reform, "The Moment of Truth: Report of the National Commission on Fiscal Responsibility and Reform," 12/1/10.

Restructure Social Security: Declining USA Household Savings Rate Creates Challenge to Reducing Benefits as Americans are Under-Saving, Thus Limiting Financial Cushion



Note: Personal savings rate is calculated as the amount of savings divided by disposable income (income after taxes). Source: BEA.

Restructure Social Security: Especially High Unemployment Levels Also Create Challenge to Reducing Benefits



Source: BLS, 2010 data as of 8/10.

1

Focus on Expenses

- **Reform Entitlement Programs**
  - Restructure Social Security
  - Restructure Medicare & Medicaid
- **Focus on Operating Efficiency**
  - Review Federal Wages & Benefits
  - Review Government Pension Plan Characteristics & Compare with Private Sector Plans
  - Review Role of Unions
  - Review Government Cost Structure & Consider Reducing Federal Headcount
  - Determine if There are Non-Core 'Business Lines' That Can Be Centralized / Locally Out-Sourced

Restructure Medicare & Medicaid: Observations About America's Healthcare System

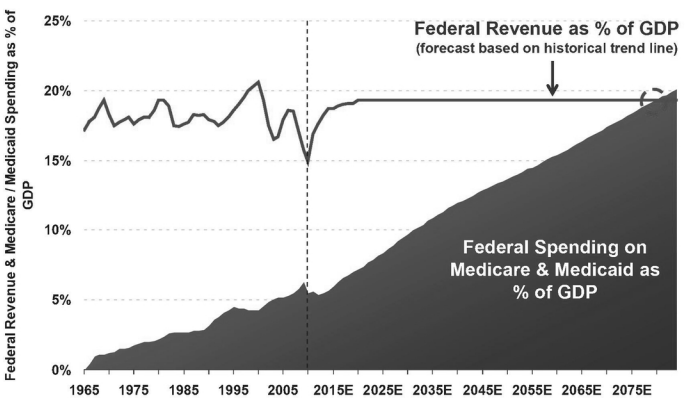
1) **High Expenses** – however measured, the costs are high: a) total dollars; b) share of GDP relative to other countries; c) cost relative to ability to pay (government, business, or individual), and

2) **Inefficiencies** – both the data and the insights of doctors, nurses, patients, and healthcare professionals identify opportunities for more efficient communication, data sharing and cost saving.

Restructure Medicare & Medicaid: Mathematical Challenge Related to Government Healthcare Programs Facing USA Inc. per CBO Forecasts

Medicare & Medicaid Have Been Crowding Out Spending for Other Federal Programs and are Projected to Exceed All Federal Revenue by 2080E

Federal Revenue & Medicare / Medicaid Spending as % of GDP, 1965 – 2080E



Source: CBO Long-Term Budget Outlook alternative fiscal scenario, 6/10.

Restructure Medicare & Medicaid: Variables in Restructuring Medicare & Medicaid to Reduce Material Impact on USA Inc.'s Expenses

Mathematical Illustrations* **Slide 273–274**

1) Medicare benefits – reduce them by 53% (or cap them)? ***or***

2) Medicare tax rate – increase it by 4 percentage points?

Policy Options **Slide 275–328**

1) Combination of mathematical illustrations – reduce benefits ***and/or*** increase taxes? ***and/or***

2) Isolate and address the drivers of medical cost inflation? ***and***

3) Improve efficiency / productivity of healthcare system? ***and***

4) Reduce services for some Medicaid beneficiaries? ***and***

5) Consider / implement CBO's 26 policy options that could reduce annual budget deficit by up to 38%?** ***and/or***

6) Consider / Implement National Commission on Fiscal Responsibility and Reform's medium- and long-term policy options***

*Note: *Each mathematical illustration would bring Medicare Part A into long-term (75-year) actuarial balance. There is no mathematical illustration for Medicaid or Medicare Part B & D as there's no 'dedicated' funding.*
***See: CBO, "Budget Options, Volume 1: Health Care," 12/2008.*
****See: National Commission on Fiscal Responsibility and Reform, "Co-Chairs' Proposal," 11/10/10.*

Restructure Medicare & Medicaid: Mathematical Illustrations*

Mathematical Illustrations*

1) Medicare benefits – reduce / cap them?

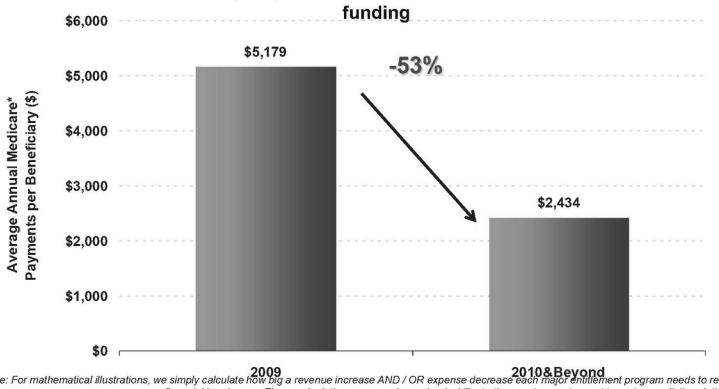
or

2) Medicare tax rate – increase it?

*Note: *For mathematical illustrations, we simply calculate how big a revenue increase AND / OR expense decrease each major entitlement program needs to reach financial break-even. These calculations are merely mechanical illustrations and are not meant to portray realistic solutions.*

Restructure Medicare & Medicaid: Mathematical Illustration #1 – Reduce Medicare Benefits* By 53%

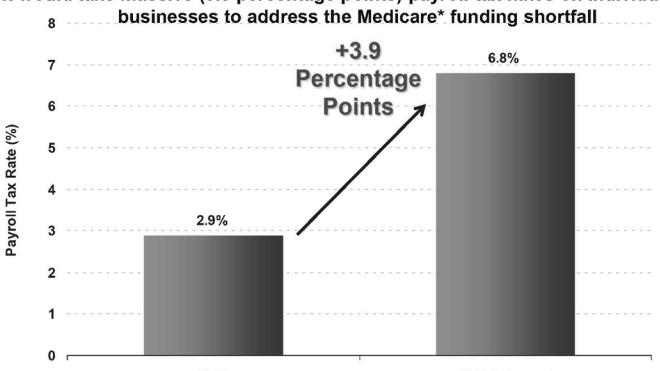
Sizing the problem:
It would take massive (53%) benefit cuts to address the shortfall of Medicare* funding



Note: For mathematical illustrations, we simply calculate how big a revenue increase AND / OR expense decrease each major entitlement program needs to reach financial break-even. These calculations are merely mechanical illustrations and are not meant to portray realistic solutions.
*Source: Dept. of Health & Human Services forecast in "2009 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds," 5/09. *Note that data presented here are limited to Medicare Part A (Hospital Insurance) Trust Fund. Medicare Part B (Medical Insurance) and Part D (Prescription Drug Benefits) are primarily funded via insurance premiums and general tax revenue transfers. Note also that data presented here are estimates prior to PPACA (2009 healthcare reform).*

Restructure Medicare & Medicaid: Mathematical Illustration #2 – Increase Medicare Tax Rate From 2.9% to 6.8%

Sizing the problem:
It would take massive (3.9 percentage points) payroll tax hikes on individual and businesses to address the Medicare* funding shortfall



Note: For mathematical illustrations, we simply calculate how big a revenue increase AND / OR expense decrease each major entitlement program needs to reach financial break-even. These calculations are merely mechanical illustrations and are not meant to portray realistic solutions.
*Source: Dept. of Health & Human Services forecast in "2009 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds," 5/09. *Note that data presented here are limited to Medicare Part A (Hospital Insurance) Trust Fund. Medicare Part B (Medical Insurance) and Part D (Prescription Drug Benefits) are primarily funded via insurance premiums and general tax revenue transfers. Note also that data presented here are estimates prior to PPACA (2009 healthcare reform).*

Restructure Medicare & Medicaid: Policy Options

Policy Options

1) Combination of mathematical solutions – reduce benefits and / or increase taxes? ***and/or***

2) Isolate and address the drivers of rising healthcare costs? ***and***

3) Improve efficiency / productivity of healthcare system? ***and***

4) Reduce services for some Medicaid beneficiaries? ***and***

5) Consider / implement CBO's 26 policy options that could reduce annual budget deficit by up to 38%? ***and/or***

6) Consider / Implement National Commission on Fiscal Responsibility and Reform's medium- and long-term policy options?

Restructure Medicare & Medicaid: Policy Option #1

Combination of mathematical solutions – reduce benefits and/or increase taxes?

Restructure Medicare & Medicaid: Combination of Reducing Benefits (Including Covered Lives) & / or Raising Taxes

Consider:

1) Reduce Medicare benefits by 53%? ***and/or***

2) Increase Medicare tax rate from 2.9% to 6.8%? ***and/or***

3) Some combination of all / some the above

However you look at it, this math is draconian. A 53% cut in Medicare benefits and / or more than doubling taxes are unrealistic. The situation for Medicaid is even worse, as Medicaid has no dedicated funding source.

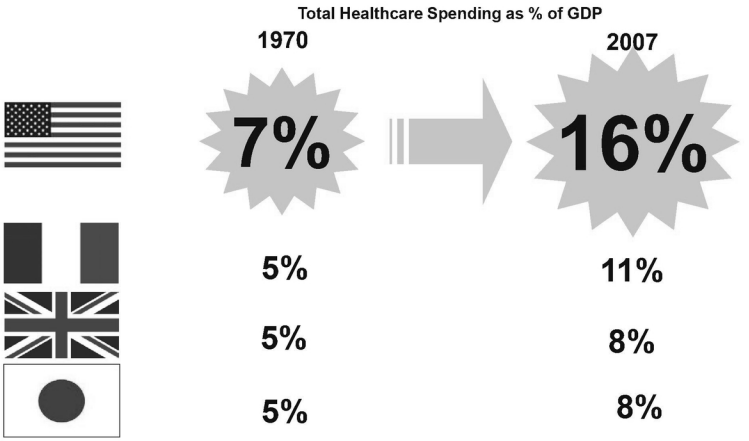
Neither Medicare nor Medicaid has yet fully faced up to the crisis and reform that Social Security experienced in the early 1980s.

Restructure Medicare & Medicaid: Policy Option #2

Isolate and address the drivers of rising healthcare costs

Restructure Medicare & Medicaid: Isolate and Address the Key Drivers of Rising Healthcare Costs

USA Total Healthcare Spending Has Risen Faster than Peers' (France, UK and Japan)*



*Note: *Ranked by total healthcare spending in 2007; 1970 comparable data not available for Germany because of reunification.*
Source: OECD, U.S. Department of Health & Human Services, Kaiser Family Foundation.

Restructure Medicare & Medicaid: Incentives Support Healthcare Cost Growth

- **Consumers demand healthcare services with less regard for the full economic impact as they pay only a fraction of the true cost out of pocket.**
- **Healthcare service providers are generally rewarded for pushing more services through the system, largely with relatively less regard for cost effectiveness.**

Bottom line = Powerful forces encourage spending related to social / economic / legal issues throughout the healthcare system.

Source: Doug Simpson, Morgan Stanley Healthcare Research.

Restructure Medicare & Medicaid: Social + Economic + Legal Factors Drive Incentives to Spend

1) ***Social –*** Growing + aging population (with related disproportionate spending on end-of-life care) and unhealthy lifestyles.

2) ***Economic –*** Healthcare service providers have financial incentives to perform more services and drive revenue while consumers often have little incentive to manage incremental cost.

3) ***Legal*** **-** Rising overhead from defensive medicine (to avoid lawsuits) and from regulatory compliance costs.

Source: Morgan Stanley Healthcare Research.

Restructure Medicare & Medicaid: Social Forces that Push Up Healthcare Spending

1) Growing and Aging Population

2) Unhealthy Lifestyles

3) Possible Solutions

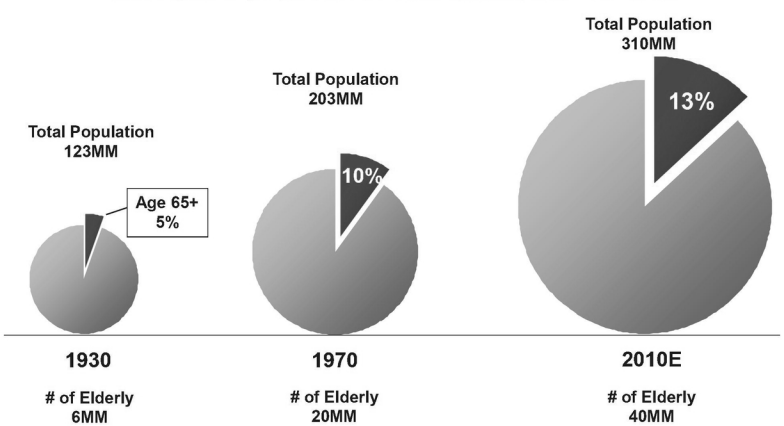
1) Growing and Aging Population

2) Unhealthy Lifestyles

3) Possible Solutions

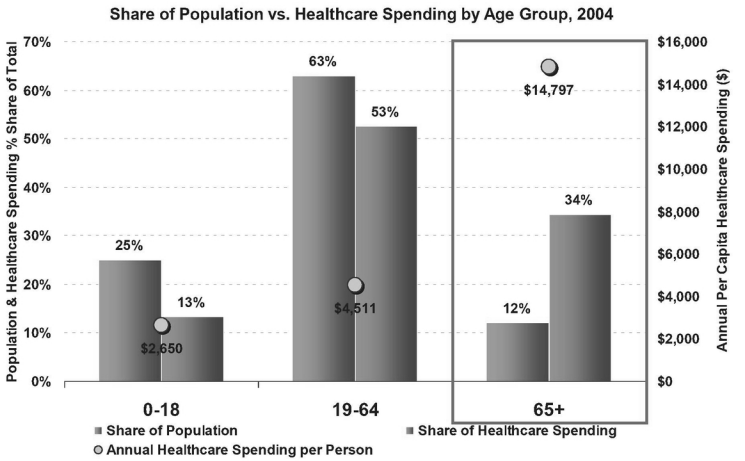
Restructure Medicare & Medicaid: Social Factors— USA is Aging…13% of Americans Over 65 Years Old, Up from 5% in 1930

Older Population (65+) as Percent of Total Population, 1930 / 1970 / 2010E



Source: US Census Bureau.

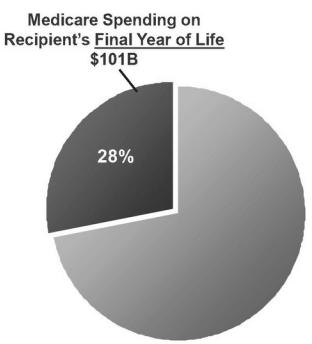
Restructure Medicare & Medicaid: Social Factors— Older People Spend 2x More per Year on Healthcare than Younger Americans



Source: Dept. of Health & Human Services, US Census Bureau.

Restructure Medicare & Medicaid: Social Factors— ~28% of Annual Medicare Spending Geared Toward End-of-Life Care (Last 12 Months)

2008 Medicare Total Benefit Expense
$363B



- **People 65+ spent $14,797 per year on healthcare on average in 2004, 3x what working-age people (19-64) spend.**
- It's notable that ~28% of average Medicare recipient spending occurs in the final year of life and 12% occurs in the final two months of life.

Sources: CMS, Medpac, Report to the Congress: Medicare Payment Policy, 3/10

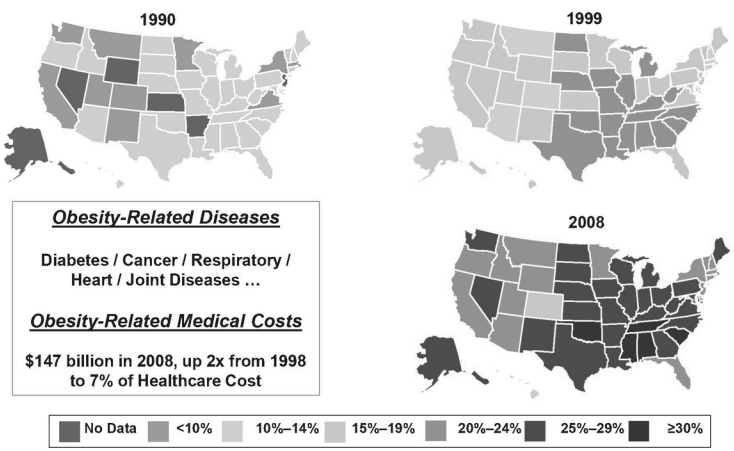
1) Growing and Aging Population

2) Unhealthy Lifestyles

3) Possible Solutions

Restructure Medicare & Medicaid: Social Factors— 32% of Americans Considered Obese in 2008, Up from 15% in 1990…

USA Adult Obesity Levels by State, 1990, 1999, 2008



Obesity-Related Diseases

Diabetes / Cancer / Respiratory / Heart / Joint Diseases …

Obesity-Related Medical Costs

$147 billion in 2008, up 2x from 1998 to 7% of Healthcare Cost

Note: An adult is considered obese if his / her Body Mass Index (BMI) is over 30. Source: Centers for Disease Control Behavioral Risk Factor Surveillance System, "America's Health Rankings, A Call to Action for People and Their Communities, 2009 Edition".

Restructure Medicare & Medicaid: Social Factors— Rising Obesity Pushes Up Healthcare Cost

- **An estimated 7% of $2.1 trillion healthcare costs (including those linked to diabetes, cancer, heart / respiratory / joint diseases) were related to obesity in 2008. By comparison, that's more than all corporate income tax revenue that year.**

Note: Nearly half of all people in the U.S. with European ancestry carry a variant of the fat mass and obesity associated (FTO) gene, vs. 25% of U.S. Hispanics, 15% of African Americans and 15% of Asian Americans, per UCLA.
Source: "Annual Medical Spending Attributable To Obesity: Payer- And Service-Specific Estimates." Eric A. Finkelstein, Justin G. Trogdon, Joel W. Cohen, and William Dietz. Health Affairs , July 27, 2009.

1) Growing and Aging Population

2) Unhealthy Lifestyles

3) Possible Solutions

Restructure Medicare & Medicaid: Social Factors—Possible Solutions Boost Healthcare Education & Incentives to Drive Better Choices

- **Emphasize on disease prevention and wellness.**
  - Education and information
  - Highlight health risk associated with certain behaviors and lifestyles
  - Financial incentives for healthy habits
  - Create social programs to champion healthy lifestyles and consumption
  - Subsidize healthy foods for lower income population
- **Discourage unhealthy behavior and consumption.**
  - Penalize poor health choices (create new incentives based upon lessons learned from higher life insurance fees for smokers and car insurance fees for speeders)
  - Consider additional / new taxes on cigarettes, non-diet sodas, etc.

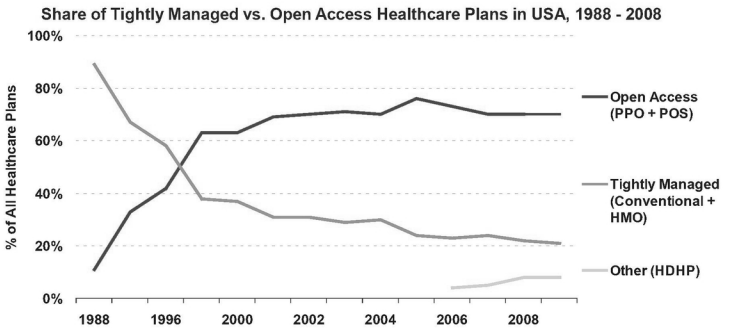
Source: Morgan Stanley Healthcare Research.

Restructure Medicare & Medicaid: Economic Forces that Push Up Healthcare Spending

1) *Open access healthcare plans can increase access to care (via greater choices of care providers), but can also increase cost.*
2) *Consumers and providers are not always incentivized to constrain their healthcare costs.*
3) *Even when appropriate, poor information & lack of price transparency complicate comparison shopping for consumers.*
4) *Advances in medical technology drive demand and costs.*

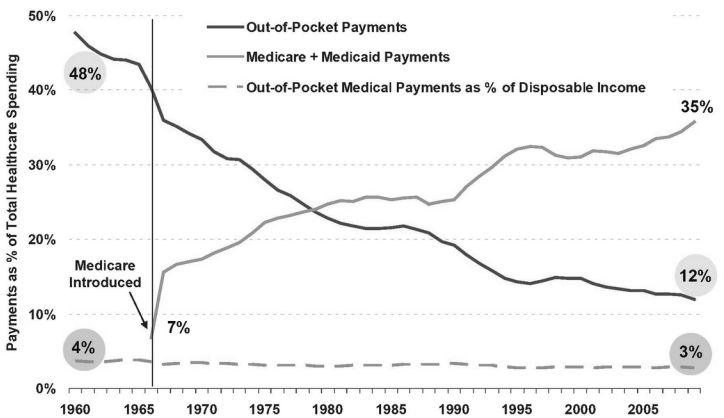
Restructure Medicare & Medicaid: Economic Factors— Rise in Usage of "Open Access" Healthcare Plans Makes It Harder to Control Patient Choices…Subsequently, Cost of Care Increases

Societal demand for less restrictive health insurance has driven a gradual switch to open access plans. These plans offer consumers greater choices of medical providers, but at higher costs.



Note: PPO is Preferred Provider Organization, which allows enrollees to select any doctor / hospital in the insurance provider's network without going through a primary care physician. HMO is Health Maintenance Organization, which requires enrollees to coordinate all healthcare via a primary care physician (a family doctor). POS is Point Of Service, which combines the features of an HMO and a PPO. HDHP is High-Deductible Health Plan, a form of catastrophic coverage with lower premiums and higher deductibles than a traditional plan. Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2009; KPMG Survey of Employer-Sponsored Health Benefits, 1993, 1996; The Health Insurance Association of America (HIAA), 1988

Restructure Medicare & Medicaid: Economic Factors— Less Incentive for Consumers or Providers to Control Costs When Someone Else (Government / Taxpayers) Pays the Bills



Source: Department of Health & Human Services, Centers for Medicare & Medicaid Services.

Restructure Medicare & Medicaid: Economic Factors – Employer and Government Funding System Separates Consumers from True Costs of Healthcare

- **When one doesn't pay directly and gets an expensive good / service for free (or well below cost), one tends to consume more – it's basic supply and demand economics.**
- **Count up the subsidies:**
  - **Medicaid:** 47 million (24MM children / 12MM low-income adults / 7MM disabled / 4MM elderly) Americans (15% of population) each received $6,872 in taxpayer funds, on average, for healthcare in 2008 through Medicaid. That $6,872 equals ~19% of annual per-capita income for Americans.
  - **Medicare:** 45 million elderly Americans (15% of population) averaged $7,991 per person for healthcare in 2008 ($4,875 for hospital care; $3,116 for medical insurance and prescription drugs). That equals ~23% of annual per capita income.
  - **Private Market:** 157mm Americans with private health coverage (subsidized by employers) in 2008 paid just 16% of the total premium cost themselves for single coverage and 27% for family coverage. In effect, that represented tax-free "earnings" of $3,951 for singles or $9,256 for families (not including the tax savings on their personal premium contributions).

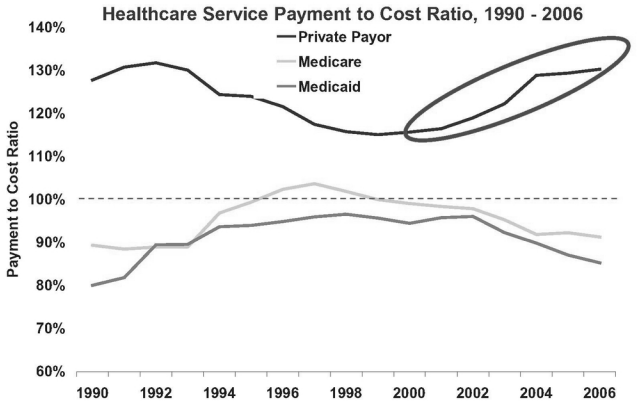
Source: Department of Health & Human Services, Centers for Medicare & Medicaid Services.

Restructure Medicare & Medicaid: Economic Factors— Healthcare Providers Are Rewarded for Driving Revenue

- **While striving to provide the best care possible, healthcare providers tend to have financial / legal / societal incentives to provide more care, all else equal.**
- Reimbursement for providers is generally volume-based (e.g., more procedures generate more revenue for care providers), though there are efforts to increasingly focus on quality.
- Unlike car buyers, for example, who often disregard a dealer's maxed-out model and choose only the features that are important to them and what they can afford, healthcare buyers tend to buy all the "features" as: 1) buyers (patients in this case) are typically not medical experts, so they defer to doctors / care providers for decisions; and 2) buyers only bear a small portion of the costs as someone else (employer or government) is paying for the features.

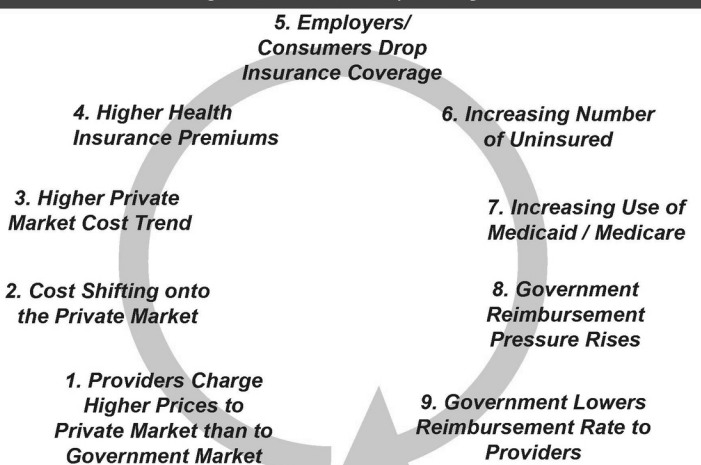
Restructure Medicare & Medicaid: Economic Factors— Rising Healthcare Costs Disproportionately Borne by Employers and Individuals

Over the last few decades, private payors (employer-sponsored health insurance plans) have consistently paid more than government payors (Medicare / Medicaid) and have, in effect, subsidized government reimbursement.



Source: Avalere Health Analysis of American Hospital Association Annual Survey data, 2006, for community hospitals.

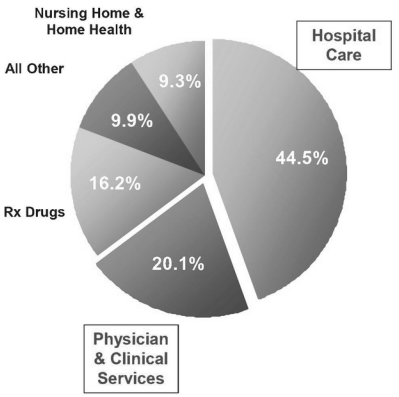
Restructure Medicare & Medicaid: Differential Payment Rates Can Create a Negative Cycle Leading to Erosion of Private Healthcare Coverage and Higher Entitlement Spending



Source: Doug Simpson, Morgan Stanley Healthcare Research.

Restructure Medicare & Medicaid: Economic Factors— Reimbursement Reform Is Easier Said than Done Owing to Political Sensitivity…

Percentage Contribution to Medicare Medical Cost Growth Rate by Spending Type, 2019E



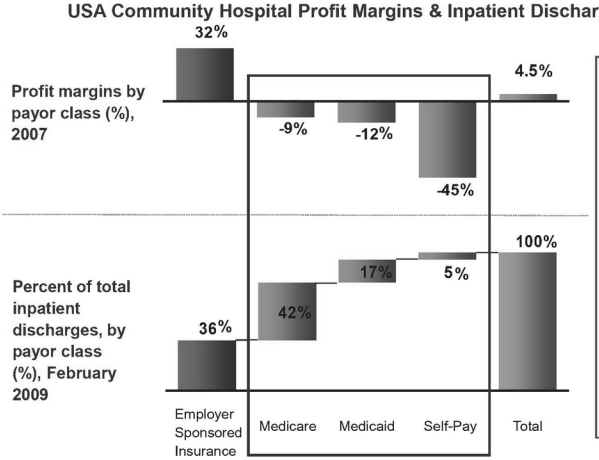
Key Issues:

- Consumers understandably do not like constraints on their care location.
- Doctors, nurses and hospitals are fulfilling a difficult task at the core of the healthcare delivery system.
- Care providers are very important to local communities.
- Local hospitals are large employers.
- Many hospitals are struggling financially.

Source: Data per CMS' National Health Expenditure database, Doug Simpson, Morgan Stanley Healthcare Research.

Restructure Medicare & Medicaid: Economic Factors— Healthcare Service Providers are Already "Underpaid" by Government

USA Community Hospital Profit Margins & Inpatient Discharges by Payor Class



Profit margins from patients with employer sponsored insurance are sufficient to leave hospital industry with positive overall margin, despite being only 36% of inpatient discharges.

Reimbursement cuts to Medicare and/or Medicaid would pose significant challenges, as hospitals already realize negative margins from those payor classes.

Source: Avalere Health analysis of American Hospital Association Annual Survey data, 2007, for community hospitals. Morgan Stanley Healthcare Research.

Restructure Medicare & Medicaid: Economic Factors— Poor Information & Lack of Price Transparency Make it Harder for Consumers to "Comparison Shop"

Patients are at a healthcare information disadvantage in two respects[1]:

- **Lack of transparency:**
  - It's **harder for consumers to compare prices** of healthcare services from different healthcare providers than in other consumer markets given the complexity of healthcare market.
  - With employer- / government-subsidized insurance, many patients are **'locked in' with their insurance plans** that do not incentivize "shopping around."
- **Knowledge gap:**
  - Unlike other markets where consumers tend to use their own information and preferences, consumers **depend more on the advice and guidance of physicians** or other healthcare suppliers.
  - Unlike other "merchandise," **healthcare is literally of life-and-death importance to consumers, making risk aversion – and price insensitivity – higher**. This price insensitivity is exacerbated because the consumer, in effect, gets it at a discounted price anyway.

Source: 1) Accounting for the cost of US healthcare, McKinsey Global Institute

Restructure Medicare & Medicaid: Economic Factors— Consumers Increasingly Demand Expensive Treatment and Are Able to Pay for it With Government Subsidies

Total High-End Surgeries up 50x from 1970-2004, Driven by Medical Advancements + Consumer Ability to Spend Assisted by Government Payments

	# of Patients (Aged 50+) Undergoing Advanced Procedures in USA		Typical Costs per Procedure ($)
	1970	2004	
Coronary Procedures			
Angioplasty / Stent Implantation	<20,000	1.1 million	$12,000
Pacemaker / ICD[1]	<10,000	350,000	$15-34,000
Bypass	<10,000	220,000	$28,000
Dialysis Procedures	<10,000	480,000	$24-72,000 per year
Joint Replacement Procedures			
Hip	<20,000	390,000	$12,500
Knee	--	440,000	$12,500

Note: 1) ICD is Implantable Cardioverter Defibrillator, which is similar to a pacemaker but for a heart rhythm that beats too fast. Cost of procedure approximated by Medicare reimbursement.

Restructure Medicare & Medicaid: Economic Factors— Unconstrained Access to Medical Technology Increases Cost of Care…

- **Researchers generally agree that advances in medical technology have contributed to rising US Health Spending[1]**
- Medical technology affects the costs of care through several "mechanisms of action"[2]
  - **New treatments** for previously untreatable terminal conditions
  - Major advances in clinical **ability to treat previously untreatable acute conditions**
  - **New procedures** for discovering and treating secondary diseases
  - **New indications** for a treatment over time
  - Ongoing, **incremental improvements** in existing capabilities
  - **Major advances** or the cumulative effect of incremental gains extending clinical practice to conditions once regarded beyond its boundaries
- **Very expensive, high-end medical procedures (such as dialysis and heart bypass) – which can easily cost as much as the average annual income of an American – are increasingly <u>60-70% subsidized by taxpayer dollars</u>.**

Source: 1) "How Changes in Medical Technology Affect Healthcare Costs," Kaiser Family Foundation, March 2007; 2) Richard A. Retting, "Medical Innovation Duels Cost Containment," Health Affairs (Summer 1994).

Opportunity for Two Mutually Reinforcing Cycles: <u>Information</u> + Incentives…

- More widespread adoption of healthcare information technology, in particular clinical decision support software, should yield better information and provider decisions.
  - Healthcare is at the cusp of leveraging decision-support technology after historically lagging other industries.
  - Opportunity to develop best practices to improve patient care and outcomes and reduce medical errors and costs.
  - More evidence-based care could help to narrow the variation in practice norms
  - The American Recovery and Reinvestment Act of 2009 provided approximately $19 billion for Medicare and Medicaid Health IT incentives.
- Medpac summarizes the opportunities and issues succinctly.
  - "Drivers of investment in IT include the promise of quality and efficiency gains. Barriers include the cost and complexity of IT implementation, which often necessitates significant work process and cultural changes. Certain characteristics of the health care market—including payment policies that reward volume rather than quality, and a fragmented delivery system—can also pose barriers to IT adoption."

Source: Morgan Stanley Healthcare Research.

…Opportunity for Two Mutually Reinforcing Cycles: Information + **Incentives**

- Improving incentives for providers and consumers is also critical.
  - Providers need appropriate incentives to improve quality of care and lower costs.
  - Drivers include more widespread adoption of bundled payments and accountable care organizations.
  - Tort reform could play an important role.
  - Consumers need to take more responsibility for their own health and to utilize the healthcare system appropriately.
  - Appropriate social and financial incentives are key.

Source: Morgan Stanley Healthcare Research.

Restructure Medicare & Medicaid: Economic Factors–Possible Solutions

1) *Cost-Sharing and/or*
2) *Reimbursement Reform and/or*
3) *Improving Cost & Quality Transparency and/or*
4) *Deploy Cost-Benefit Analysis for Medical Technology Spending*

Restructure Medicare & Medicaid: Economic Factors–Possible Solutions 1) Cost-Sharing

- **Cost-sharing can help control demand for a portion of healthcare by creating incentives for consumers to shop for most cost-effective treatments (although those benefits would be somewhat mitigated by the skew in health spending toward high users).**
- Once again, a Math Problem: Consider a routine physician office visit in which a provider suggests and / or patient requests various tests, procedures, etc.
  - Patient #1 covered by a plan with a $20 co-pay (i.e., a flat fee regardless of the level or intensity of care performed during the visit)
  - Patient #2 covered by a plan with a 10% co-insurance for in-network care (i.e., responsible for 10% of the aggregate billed charges)
  - Clearly, patient #2 will become more sensitive to necessity and cost of care beyond a level of $200 of total healthcare services
  - Note that deductibles drive similar dynamic as a co-pay: once the deductible is met, the member has little or no "skin in the game"
- Only 14-18% of employer-sponsored health insurance plans use pro-rata cost sharing (i.e. co-insurance in example #2 above). Most (77%) insurance plans only use a co-pay (in example #1), which gives consumers little incentive to shop the most cost-effective treatment path.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009

Restructure Medicare & Medicaid: Economic Factors–Possible Solutions 2) Reimbursement Reform

Reimbursement reform could help shift drivers of payment from quantity of care to quality of care. The following list provides a few options to consider.

- Bundled Payments: Providers get a fixed budget to treat an episode of care (i.e. a broken hip). Exceeding the budget means providers absorb additional costs; staying under it lets provider benefit from savings.
  - Examples: PROMETHEUS Payment System[1], Medicare Acute Care Episode Demonstration[2]
- Global payment system[3] (i.e., capitation): Providers are paid up-front to provide care that their patient receives over a period, incentivizing them to manage costs and quality. This global payment is adjusted periodically to reward accessible and high-quality care.
- Pay for performance[4]: Reimbursement for care providers varies, based on various quality and efficiency measures such as discharge rate and readmission rate.
- Accountable Care Organizations (ACOs): Provider groups accept responsibility for the cost and quality of care for a specific population of patients[5]
  - The recently enacted *Patient Protection and Affordable Care Act* includes regulations supporting the creation of Accountable Care Organizations
  - Other models often discussed to improve coordination / efficiency and reduce costs : 1) integrated delivery systems; 2) multispecialty group practices; 3) physician-hospital organizations; 4) independent practice associations; 5) virtual physician organizations

Source: 1) Cutting Healthcare Costs by Putting Doctors on a Budget, Time 1) Adopted in Rockford, IL in Jan 2010 2) Medicare Demonstration Project Overviews, www.cms.gov/demoprojects 3) Recommendations of the Special Commission on the Healthcare Payment, Commonwealth of Massachusetts 4) Pay for Performance Incentive Programs in Healthcare , Geoffrey Baker 5) How the Center for Medicare & Medicaid Innovation Should Test Accountable Care Organizations, Stephen Shortell, Lawrence P. Casalino and Elliott S. Fisher for Health Affairs, July 2010

Restructure Medicare & Medicaid: Economic Factors–Possible Solutions
3) Improving Cost & Quality Transparency

- **Improving cost and quality transparency of healthcare services could help doctors and patients make more informed decisions for each situation.**
- **Though enhancing competition and price transparency in healthcare is not easy,[1] new models for encouraging "comparison shopping" are emerging:**
  - Castlight Health, a start-up financed by venture capitalists and the Cleveland Clinic, is working to build a search engine for healthcare prices[2]
  - Other services beginning to publish price information: Thomson Reuters, Change: healthcare, and health insurers (e.g., the Aetna Navigator)[2]
- **A 2007 study by Deloitte proposes a "Price Transparency Checklist for States":**
  - provide prices for services that matter to consumers
  - make it easy to understand
  - keep care providers, insurance & pharmaceutical companies engaged and informed
  - provide price and quality measures
  - keep expanding price transparency initiatives
  - maintain methodological rigor
  - promote access and use of price information
  - evaluate impact and ROI

Source: 1) The Market for Medical Care: Why You Don't Know the Price; Why You Don't Know about Quality; And What Can Be Done About It, by Devon M. Herrick and John C. Goodman, March 12, 2007; 2) "Bringing Comparison Shopping to the Doctor's Office," The New York Times, June 10, 2010; 3) Healthcare Price Transparency: A Strategic Perspective for State Government Leaders, by Deloitte Center for Health Solutions, 2007

Restructure Medicare & Medicaid: Economic Factors–Possible Solutions
4) Deploy Cost-Benefit Analysis for Medical Technology Spending

- **Deploying cost-benefit analysis for medical technology spending can help ensure we are spending resources wisely.**
- **Directly measuring the impact of new technology on total healthcare spending – and its true value – is very difficult[1]**
- The Kaiser Foundation outlines some of the more common policy suggestions for dealing with this driver of costs:
  - Cost-effectiveness analysis (i.e., comparative effectiveness)
  - Rationing (unlikely to be adopted owing to political sensitivity), regulation, budget-driven constraints (used by other countries but generally not popular in the U.S.)
  - Market-based rationing (consumer-driven healthcare, pay-for-performance, information technology)

Source: 1) "How Changes in Medical Technology Affect Healthcare Costs," Kaiser Family Foundation, March 2007.

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Restructure Medicare & Medicaid: Legal Forces that Push Up Healthcare Spending

1) Defensive Medicine

2) Possible Solutions

Restructure Medicare & Medicaid: Legal Factors— "Defensive Medicine" Drives up Healthcare Spending

- **Defensive Medicine consists of procedures or tests that a doctor orders to avoid possible future malpractice lawsuits.**
- **The practice is prevalent among US physicians and is contributing factor to healthcare spending. According to a survey of 824 physicians in 2005[1]:**
  - 93% said they had engaged in the practice of Defensive Medicine
  - 59% said they often ordered more diagnostic tests than medically necessary
  - 52% said they referred patients to other specialists in unnecessary circumstances
  - 33% said they often prescribed more medications than medically necessary

Source: 1) David Studdert, et al., American Medical Association, "Defensive Medicine Among High-Risk Specialist Physicians in a Volatile Malpractice Environment," 6/2005.

Restructure Medicare & Medicaid: Legal Factors—Possible Solution
Tort Reform Could Reduce Incentives of Defensive Medicine

Ways to control costs from tort litigation without jeopardizing patient health

The CBO listed a package of tort reform proposals (10/09):

- Cap of $250,000 on awards for noneconomic damages for malpractice
- Cap on awards for punitive damages of $500,000 or twice the award for economic damages, whichever is greater
- Modification of the "collateral source" rule to allow evidence of income from such sources as health and life insurance, workers' compensation, and automobile insurance and subtract it from jury awards
- A statute of limitations – one year for adults and three years for children – from the date of discovery of an injury
- Replacement of joint-and-several liability with fair-share rule: Defendants would be liable only for the percentage of a final award equal to their share of responsibility

Source: Congressional Budget Office, Letter to the Honorable Orrin G. Hatch dated October 9, 2009; Congressional Budget Office, Letter to the Honorable John D. Rockefeller IV dated December 10, 2009

Restructure Medicare & Medicaid: Legal Factors—Possible Solution
Tort Reform Could Save USA Inc. $54 Billion Over Next 10 Years

- **CBO estimates that a package of typical tort reform proposals could reduce total US health spending by 0.5% annually:**
  - Direct savings: Roughly 0.2% of this reduction stems from lower national premiums for medical malpractice insurance.
  - Indirect savings: Another 0.3% stems from slightly lower utilization of services related to defensive medicine.
- **Over 10 years, CBO estimated tort reform could reduce net healthcare spending by $54 billion:**
  - Spending for Medicare, Medicaid, Children's Health Insurance Program, and Federal Employees Health Benefits could fall ~$41 billion over the next decade (with the greatest savings in Medicare).
  - Federal tax revenues could rise by ~$13 billion as lower health insurance costs for employers could lead to higher take-home pay for employees and therefore higher income taxes for USA Inc.

Source: Congressional Budget Office, Letter to the Honorable Orrin G. Hatch dated October 9, 2009; Congressional Budget Office, Letter to the Honorable John D. Rockefeller IV dated December 10, 2009

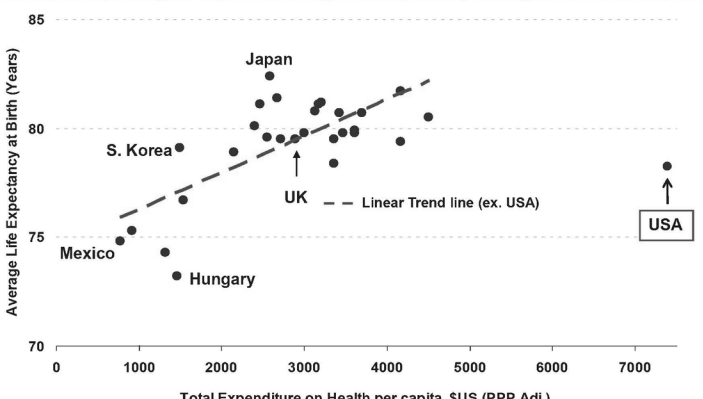
Restructure Medicare & Medicaid: Policy Option #3

Improve Efficiency / Productivity of Healthcare System

Restructure Medicare & Medicaid: Most Businesses are Performance-Based, Many Components of Healthcare System are Not

USA Healthcare Outcome (based on Life Expectancy) Have Room For Improvement Relative to Other Countries

Healthcare Spending per capita vs. Average Life Expectancy Among OECD Countries, 2007



Source: OECD.

Restructure Medicare & Medicaid: In Addition to Life Expectancy, USA Falls Behind OECD Averages in Many Other Health Indicators

2007 Health Indicators	USA	OECD Median	USA Ranking (1 = Best, 30 = Worst) RED = Below Average
Obesity (% of total population)	**34**	**15**	30
Infant Mortality (per 1,000 live births)	**7**	**4**	27
Medical Resources Available (per 1,000 population)			
Total Hospital Beds	**3**	**6**	25
Practicing Physicians	**2**	**3**	22
Doctors' Consultations per Year	**4**	**6**	19
MRI Machines* (per million population)	**26**	**9**	1
Cause of Death (per 100,000 population)			
Heart Attack	**216**	**178**	22
Respiratory Diseases	**60**	**45**	21
Diabetes	**20**	**12**	20
Cancer	**158**	**159**	14
Stroke	**33**	**45**	8

*Note: *MRI is Magnetic Resonance Imaging. Source: OECD.*

Restructure Medicare & Medicaid: Effectiveness Research Could Improve Efficiency (i.e., Outputs Track Inputs)

- **Comparative Effectiveness** evaluates different options for treating a condition for a specific set of patients[1]
  - Either relative benefits and risks of various treatment options (technology assessment, evidence-based medicine), or
  - Both clinical effectiveness and relative cost (cost-benefit analysis).
- Without rigorous data about comparative effectiveness, according to the CBO:
  - Treatment decisions often depend on anecdotal evidence, conjecture, and the experience/judgment of involved physicians.
  - Treatments and types of care vary widely from one area of the country to another.
- To affect healthcare spending meaningfully, comparative effectiveness must alter doctor and patient behavior, potentially through reimbursement scheme changes, the CBO notes.
- Note that by law, Medicare is effectively precluded from considering costs when making coverage decisions.

Source: "Research on the Comparative Effectiveness of Medical Treatments", A CBO Paper, December 2007.

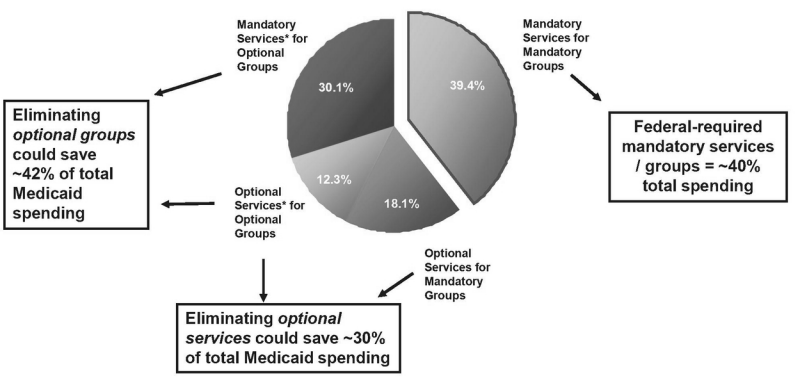
Restructure Medicare & Medicaid: Policy Option #4

Reducing Optional Services + Optional Beneficiary Groups[1] Could Save Up to ~60% of Annual Medicaid Cost, per Kaiser Family Foundation

Note: 1) Medicaid is a jointly financed federal and state program that provides health and long-term care services to 55 million low-income Americans. As a condition of participating in Medicaid, states are required to cover certain "mandatory" populations and to provide a specified set of benefits. States also have discretion to cover additional low-income individuals in each of these categories ("optional groups") and receive federal matching payments. Optional eligibility categories include children and parents, persons with disabilities and the elderly above mandatory coverage limits; persons residing in nursing facilities; and the medically needy. Source: Kaiser Family Foundation, 2005

Restructure Medicare & Medicaid: Policy Option # 4 – Reducing Optional Services + Beneficiary Groups[1] Could Save Up to 60% of Annual Medicaid Spending

Medicaid Expenditures by Eligibility Group and Type of Service, 2001



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Restructure Medicare & Medicaid: Examples of Medicaid's **Mandatory** Beneficiaries & Services

Examples of Mandatory Beneficiaries

- Children under age 6 with family annual income below $20,841
- Children age 6 or older with family annual income below $15,670
- Pregnant women with annual income below $12,382
- Elderly and disabled with annual income between below $6,768 (for an individual)

Examples of Mandatory Services

- Physician services
- Laboratory & x-ray services
- Inpatient hospital services
- Outpatient hospital services
- Rural health clinic services
- Certified pediatric and family nurse practitioner services
- Early & periodic screening, diagnostic, and treatment (EPSDT) services for individuals under 21

Note: Supplementary Security Income and Federal Poverty Levels are 2005 levels. Source: Kaiser Family Foundation, 2005.

Restructure Medicare & Medicaid: Examples of Medicaid's **Optional** Beneficiaries & Services

Examples of Optional Beneficiaries

- Disabled and elderly with annual income between $7,082 (Supplementary Security Income, or SSI) and $9,310 (Federal Poverty Level, or FPL)
- Nursing home residents with annual income between $7,082 (SSI) and $21,000 (3x SSI)
- Pregnant women with annual income above $12,382 (>133% of FPL)
- Children under 6 with annual family income above $20,841

Examples of Optional Services

- Prescription drugs
- Dental services
- Rehabilitation and other therapies
- Prosthetic devices, eyeglasses, durable medical equipment
- Hospice services
- Inpatient psychiatric hospital services for individuals under age 21
- Other specialist medical or remedial care

Note: Supplementary Security Income and Federal Poverty Levels are 2005 levels. Source: Kaiser Family Foundation, 2005.

Restructure Medicare & Medicaid: Policy Option #5

Consider / Implement CBO's 26 policy options that could reduce annual budget deficit by up to 38% over the next 10 years

Restructure Medicare & Medicaid: CBO Policy Options— Regulate Private Health Insurance Market; Modify Tax Code; Modify Insurance Eligibility; Improve Efficiency

Policy Options	Gov. Future Deficit Reduction (%)[1]
Require large employers to either pay government for providing insurance or offer employees basic insurance coverage	**0.7%**
Replace the income tax and payroll tax exclusion with a refundable credit	**8.8%**
Replace the income tax exclusion for employment-based health insurance with a deduction	**8.0%**
Reduce the tax exclusion for employment-based health insurance and the health insurance deduction for self-employed individuals	**6.6%**
Raise the age of eligibility for Medicare to 67	**1.2%**
Convert Medicare and Medicaid "Disproportionate Share Hospital Payments" into a block grant	**1.2%**
Consolidate Medicare and Federal Medicaid payments for graduate medical education costs at teaching hospitals; set consolidated payment equal to:	
• **Adjusted IME[3] payments using a 2.2% adjustment factor + DGME[4] and Medicaid GME[2] funding inflated by the CPI-U[5] minus 1 percentage point**	**0.8%**
• **90% total mandatory GME[2] funding inflated by the CPI-U minus 1 percentage point**	**0.4%**

Note: 1) As % of Cumulative Total Government Deficit from 2010 to 2019 2) Graduate Medical Education 3) Indirect Medical Education 4) Direct Graduate Medical Education 5) Consumer price index for all urban consumers Source: CBO

Restructure Medicare & Medicaid: CBO's Policy Options – Reduce Medicare / Medicaid Payments; Modify Premium and Cost-Sharing in Federal Health Programs

Policy Options	Gov. Future Deficit Reduction (%)[1]
Reduce Medicare's payment rates across the board in high-spending areas	0.7%
Remove or reduce the floor on Federal matching rates for Medicaid services	
• Remove the floor on the federal medical assistance percentage	3.3%
• Reduce the floor on the federal medical assistance percentage to 45%	1.9%
Reduce the taxes that states are allowed to levy on Medicaid providers	0.7%
Increase the basic premium for Medicare Part B to 35% of the program's costs	3.2%
Combine changes to Medicare's cost sharing with restrictions on Medigap policies[2]	1.1%
Require a copayment for home health episodes covered by Medicare	0.7%
Restrict Medigap coverage of Medicare's cost sharing	0.6%
Introduce minimum out-of-pocket requirements under TRICARE for life	0.6%

Note: 1) As % of Total Cumulative Government Deficit from 2010 to 2019 2) Individual insurance policies designed to cover most or all of Medicare's cost-sharing requirements. Source: CBO

Restructure Medicare & Medicaid: Policy Option #6

Consider / Implement National Commission on Fiscal Responsibility and Reform's medium- and long-term policy options

Restructure Medicare & Medicaid: **Medium-Term** Policy Options From the Report of the National Commission on Fiscal Responsibility and Reform

Medium-Term Policy Options	Deficit Reduction F2012-F2020E[1]
Convert the federal share of Medicaid payments for long-term care into a capped allotment	$89 billion
Reform Tricare for Life[2] to increase cost sharing for Military retirees	$55
Cut federal spending on graduate and indirect medical education	$54
Reduce taxes that States may levy on Medicaid providers	$49
Expand ACOs, payment bundling, and other payment reform	$38
Accelerate phase-in of DSH payment cuts[3], Medicare Advantage cuts and home health cuts in PPACA	$37
Other[4]	$73
Total Deficit Reduction F2012-F2020E	**$395 billion**

Note: 1) Cost reductions are Fiscal Commission staff estimates based on CBO and other available sources. Most numbers were generated pre-healthcare reform and may differ significantly. 2) Tricare for Life is a supplementary military health insurance designed to minimize Medicare-eligible military retirees' out-of-pocket medical expenses. 3) DSH is the Medicare and Medicaid disproportionate share hospital payments for hospitals that receive disproportionately large Medicare and Medicaid patients. 4) Other includes reduce Medicaid administrative costs, increase nominal Medicaid copays, cut Medicare payments for bad debt, increase cost sharing for federal civilian retirees and place dual-eligible individuals in Medicaid Managed Care. Source: National Commission on Fiscal Responsibility and Reform, "The Moment of Truth: Report of the National Commission on Fiscal Responsibility and Reform," 12/1/10.

Restructure Medicare & Medicaid: **Long-Term** Policy Options From the Report of the National Commission on Fiscal Responsibility and Reform

- Set global target for total federal health expenditures after 2020 (Medicare, Medicaid, CHIP, exchange subsidies, employer health exclusion), and review costs every two years. Keep federal health expenditure growth to one percentage points above GDP growth.
- If costs have grown faster than targets (on average of previous 5 years), require President to submit and Congress to consider reforms to lower spending, such as:
  - Increase premiums (or further increase cost-sharing)
  - Overhaul the fee-for-service system
  - Develop a premium support system for Medicare
  - Add a robust public option and/or all-payer system in the exchange
  - Further expand authority of the Independent Payment Advisory Board (IPAB)*

Note: IPAB is a 15-member Independent Payment Advisory Board established under PPACA with significant authority with respect to Medicare payment rates. Beginning in 2014, in any year in which the Medicare per capita growth rate exceeded a target growth rate, the IPAB would be required to recommend Medicare spending reductions. The recommendations would become law unless Congress passed an alternative proposal that achieved the same level of budgetary savings. Source: National Commission on Fiscal Responsibility and Reform, "The Moment of Truth: Report of the National Commission on Fiscal Responsibility and Reform," 12/1/10.

Focus on Expenses–
Reform Entitlement Programs + Focus on Operating Efficiency

Focus on Expenses

- **Reform Entitlement Programs**
  - Restructure Social Security
  - Restructure Medicare & Medicaid
- **Focus on Operating Efficiency**
  - Review Federal Wages & Benefits
  - Review Government Pension Plan Characteristics & Compare with Private Sector Plans
  - Review Role of Unions
  - Review Government Cost Structure & Consider Reducing Federal Headcount
  - Determine if There are Non-Core 'Business Lines' That Can Be Centralized / Locally Out-Sourced

Start with the Basic High-Level Math –
Review Government Cost Structure

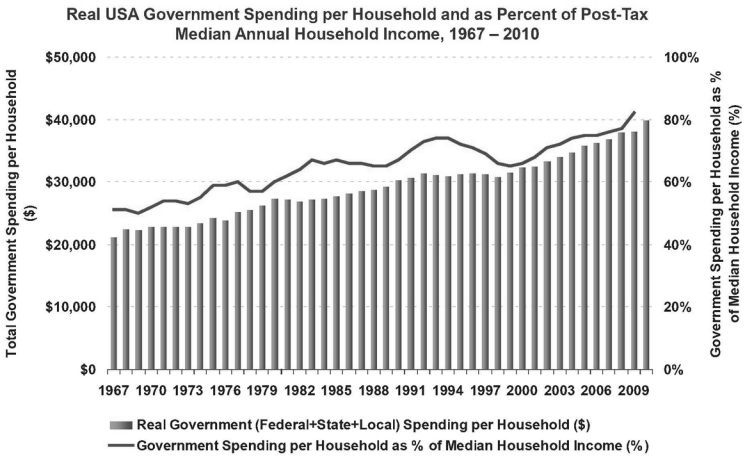
Government (federal + state + local, including military) spending per household has steadily risen to 82% of median post-tax household income, up from 51% in 1967.

Federal spending (ex. entitlement + interest payments + one-time items) per household has remained flat since 1967, while entitlement + interest payments + one-time items spending per household rose 3x.

Including federal, GSE, state and local (excluding military) employees, there is one public worker for every six households in the country, unchanged from 1967 or 1980 levels.

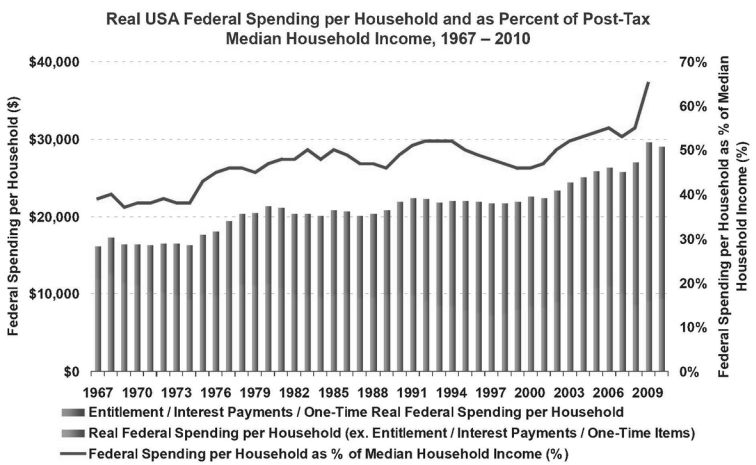
*Note: *Real spending adjusted for inflation, in 2005 dollars. Source: Census Bureau, Bureau of Economic Analysis.*

Total Government (Federal + State + Local, including Military) Spending Has Risen to **82%** of Median Household Income*, Up from **51%** in 1967



*Note: *Post tax. Real spending adjusted for inflation using BEA's GDP price index, in 2005 dollars. Data source: Census Bureau, Bureau of Economic Analysis.*

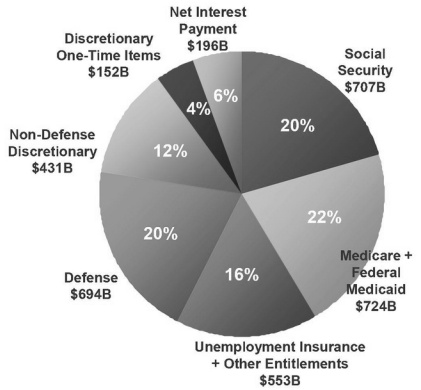
Federal (Including Military) Spending Has Risen to **65%** of Median Household Income*, Up from **39%** in 1967, Driven by Entitlement Spending + Interest Payments



*Note: *Post tax. Real spending adjusted for inflation, in 2005 dollars. Data source: White House Office of Management and Budget, Census Bureau, Bureau of Economic Analysis.*

Federal (Including Military) Spending Per Household = $29,043 in F2010
Federal Entitlement Spending Per Household = More Than Half ($16,670)

F2010 USA Inc. Expenses = $3.5T



F2010 USA Inc. Expenses Per Household = $29,043

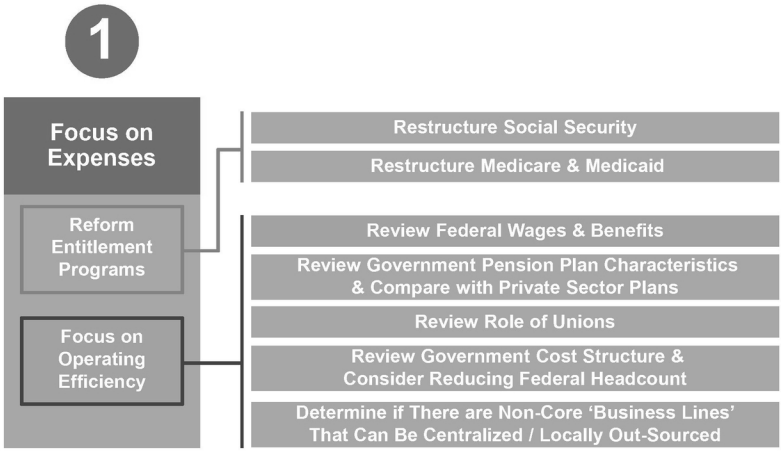
Entitlements	**$16,670**
Social Security	*$5,939*
Medicare + Federal Medicaid	*$6,087*
Unemployment Insurance + Other	*$4,644*
Defense	**$5,828**
Non-Defense Discretionary	**$3,619**
Discretionary One-Time Items	**$1,277**
Net Interest Payments	**$1,649**

Note: Non-defense discretionary spending includes infrastructure, education, law enforcement, etc. Discretionary one-time items includes TARP, ARRA, and spending on GSEs. Source: White House Office of Management and Budget, Census Bureau, Bureau of Economic Analysis.

At a High Level, With Focus on Improving Operating Efficiency, USA Inc. Might Consider Ways to Do Things Like…

- Consider empowering an independent / 3rd party auditor with expertise in government operations around the world / corporate turnarounds to conduct a broad-ranging audit of USA Inc.'s operations.
- Restore strong rules for budget process: Require annual budget resolutions and reconciliation; PAYGO* to limit spending, enforce annual appropriations process consider biennial budgeting.
- Consider giving the President 'line-item' veto / rescission authority.
- Empower commissions analogous to the military base closing panels to review and consolidate government functions and agencies, as well as aid to State and local governments.
- Seek flexibility to manage performance and terminate poor-performing Federal employees.
- Develop flexible / long-term compensation plans including bonus payments for Federal employees when annual budget deficit reduction goals are met.
- Privatize government real estate and other assets with little use, expanding on current efforts to trim $3 billion in government-owned real estate.
- Identify additional opportunities to increase public/private investment, management and operations to drive innovation and investment in infrastructure

Note: PAYGO is the practice of financing expenditures with funds that are currently available rather than borrowed.
Source: KPCB and Alvarez & Marsal Public Sector Services, LLC.



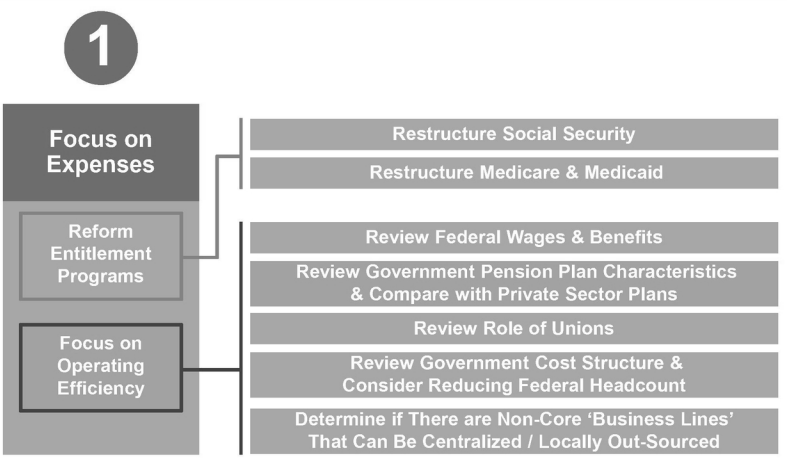
Review Wages: A Comprehensive / Independent Review of Federal Wages & Benefits System May Be Worthwhile

- **Analysis of existing data on federal wages & benefits is controversial.**
- *USA Today* and the Cato Institute examined simple averages of federal (excluding military) wages & benefits vs. private sector using Bureau of Economic Analysis (BEA) data and concluded that federal wages & benefits are ~100% higher than private industry – wages are 58% higher while benefits are 3x higher.[1] (March 2010, updated in August 2010)
- The White House Office of Management and Budget (OMB) and the U.S. Office of Personnel Management (OPM) responded that gross average comparisons are 'unfair and untrue.' And when one holds education and age constant, federal employees earn slightly less than those in the private sector on average, although the difference is not statistically significant.[2] (March 2010)
- The Heritage Foundation, in response to OPM and OMB's comments, released a statistical analysis based on BEA data, and claimed that adjusting for variables such as age, education, marital status, race, gender, size of the metropolitan area, and several others, federal wages & benefits are 31% higher than private industry for occupations in both government and private sector.[3] (July 2010)

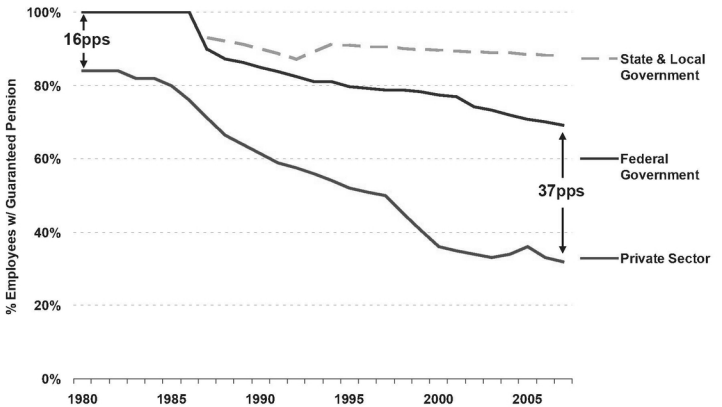
Source: 1) Dennis Cauchon, USA Today, "Federal Workers earning double their private counterparts," http://www.usatoday.com/money/economy/income/2010-08-10-1Afedpay10_ST_N.htm Tad DeHaven, "Federal Employees Continue to Prosper," http://www.cato-at-liberty.org/federal-employees-continue-to-prosper/; 2) John Berry, "OPM Statement on Federal Employee Pay – Recent Comparisons of Federal Pay to Private Sector are Unfair and Untrue," http://www.opm.gov/opm_federalemployeepay/ & Peter Orszag, "Salary Statistics," http://www.whitehouse.gov/omb/blog/10/03/10/Salary-Statistics; 3) James Sherk, "Comparing Pay in the Federal Government and the Private Sector," http://www.heritage.org/research/reports/2010/07/comparing-pay-in-the-federal-government-and-the-private-sector

Review Wages: A Turnaround Expert Would Drill Down on Compensation Differences Between Public & Private Sectors

- In the absence of reliable, generally accepted adjustment factors, USA Inc. needs a comprehensive 3rd-party review of its compensation practices.
- Most businesses constantly review their compensation practices; these reviews typically intensify when the financials of the core business erode.
- Considerations include compensation for comparable jobs, uniqueness of skill sets and education required for particular roles, productivity, hours worked, regional cost of living, job security, years of service, and financial health of the business unit.

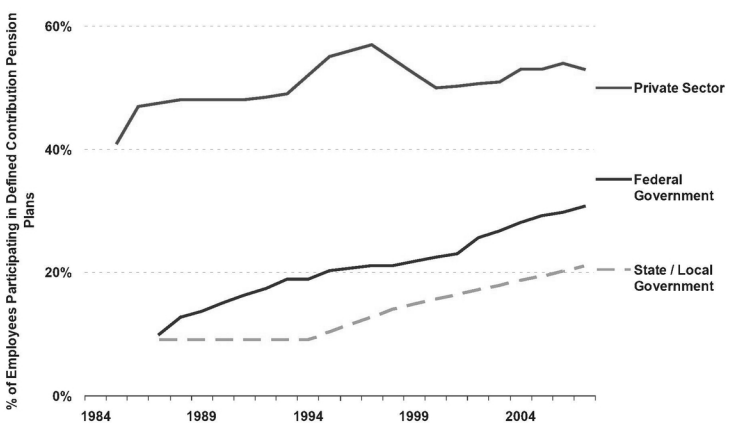


Review Pension Plans: 70% of Federal Government Employees Still Enjoy "Guaranteed" Pensions, While Such Defined-Benefit Pension Plans Are Increasingly Rare in Private Sector (now at 32% vs. 84% in 1980)



Sources: EBRI Databook on Employee Benefits.

Review Pension Plans: Private Sector Has Embraced "Defined Contribution" Pension Plans, While Federal + State & Local Governments Lag Behind

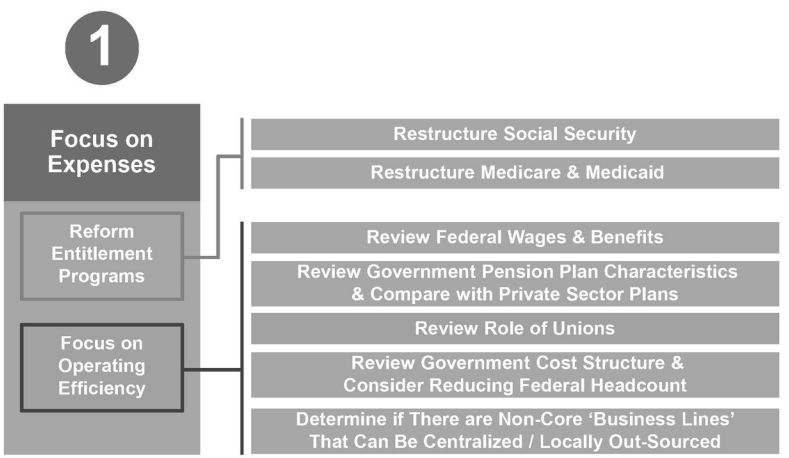


Sources: EBRI Databook on Employee Benefits

Review Pension: Pension Plan Definitions / Characteristics

- **"Guaranteed" Pension Plan** – Retirees receive predetermined monthly retirement benefits from employers despite the funding status / investment returns of their pension funds. Also known as defined benefit pension plan.

- **Defined Contribution Pension Plan** – Retirees contribute specified amounts to their pension funds and receive variable monthly retirement benefits depending on investment returns. Examples include Individual Retirement Accounts (IRAs) and 401(k) plans.

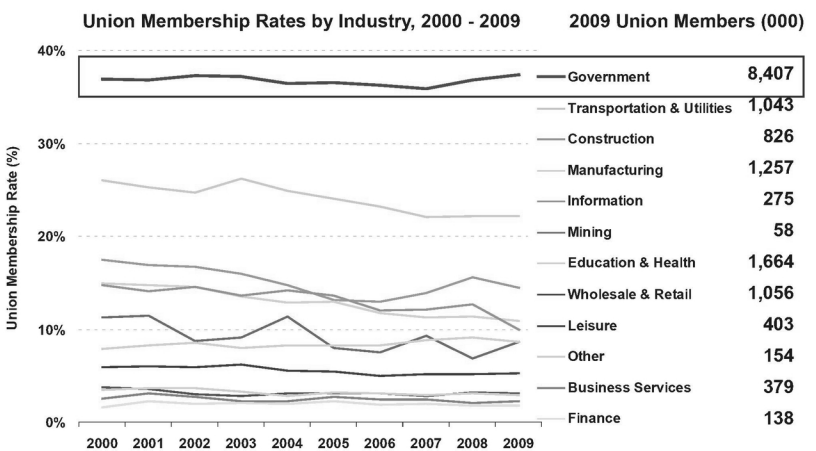


Review Unions: Government Employee Union Membership Rate = 5x of Private Sector Union Membership Rate & Rising

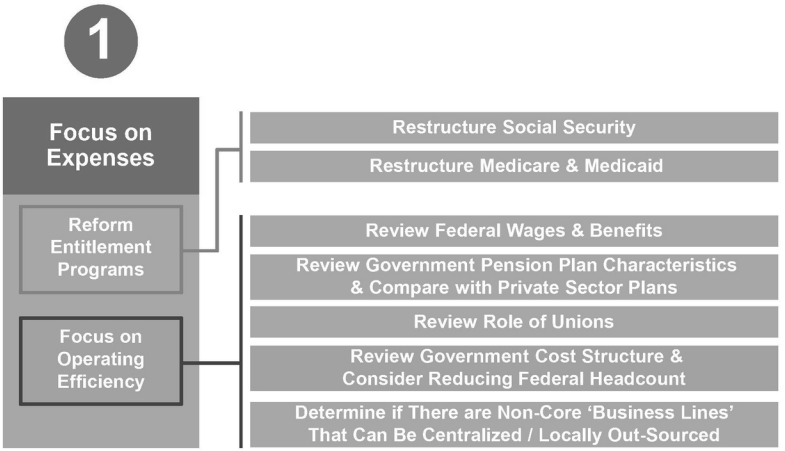
- **More government (federal / state / local) employees belong to unions (8 million) than did private sector employees (7 million) in 2009.**
- Government employee union membership rate of 37% is 5x higher than private sector employee union membership rate of 7% in 2009.
- Private sector union membership rate declined 180 basis points to 7% in 2009 from 9% in 2000, while government employee union membership rate rose 50 basis points 37.4% in 2009 from 36.9% in 2000.

Source: Bureau of Labor Statistics.

Review Unions: Union Membership Rates by Industry – Government = 37% Unionized vs. Private Sector's 2-22%



Source: Bureau of Labor Statistics.



Consider Reducing Federal Headcount

Federal government headcount (ex. military) grew by 56,000 (or 2%) in 2008 and another 107,000 (or 3%) in 2009, while private sector unemployment rose to 10% from 5% in 2007 and private sector headcount fell 1% in 2008 and 6% in 2009.

. Source: Census Bureau, Bureau of Economic Analysis.

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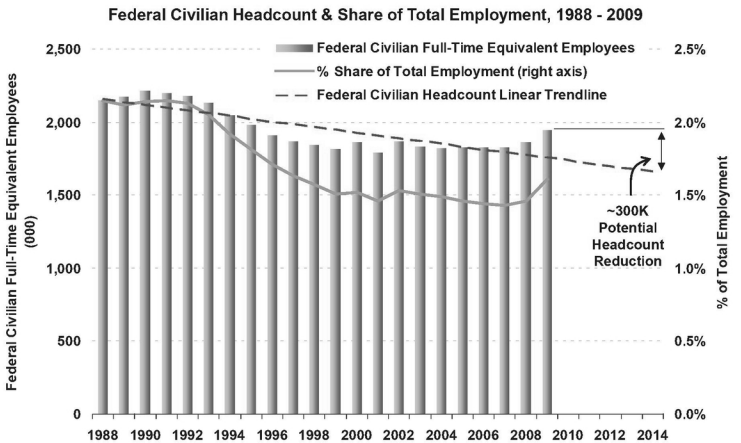
Federal Headcount Has Risen Over Past Five Years and Is Above Trendline Level



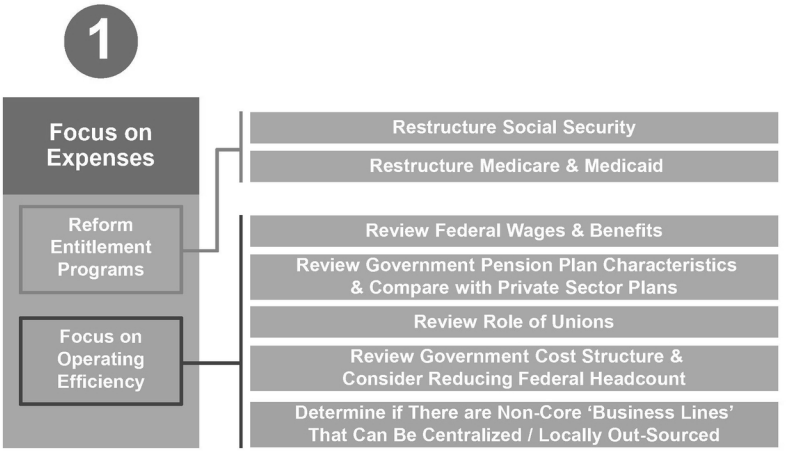
Data source: BEA (1988-2009).

Reduce Headcount: Mathematical Illustration on Reducing Federal Headcount – Could Save Up to $275 Billion Over Next 10 Years, or 4% of Total Deficit

Scenario Analysis on Potential Federal Headcount Reduction & Impact on Budget Deficits

	Savings ($B) For USA Inc. Over			Headcount Reduction
	F2009	F2010-19E	F2010-85E	(000)
Scenario 1				
-- Trim Headcount by 1%	$2	$17	$44	20
% of Budget Deficits	*0%*	*0%*	*0%*	
Scenario 2				
-- Trim Headcount by 5%	$11	$91	$219	98
% of Budget Deficits	*1%*	*1%*	*1%*	
Scenario 3				
-- Trim Headcount by 10%	$23	$183	$439	195
% of Budget Deficits	*2%*	*3%*	*3%*	
Scenario 4 - Trendline*				
-- Trim Headcount by 15%	$34	$274	$658	293
% of Budget Deficits	*2%*	*4%*	*4%*	

*Note: Federal fiscal year ends in September. *Based on 20-year trend line, federal civilian headcount would have been 15% below actual levels.*



Local Outsourcing/Consolidation: Improve Efficiency of Public Services Through Automation / Scale / Flexibility

1. **Automation** – Government agencies cannot afford to perform manual routine-based processes that can be replaced more efficiently by technology.

2. **Scale** – Consolidation of non-core processes across agencies or outsource non-core processes to local companies can deliver scale efficiencies.

3. **Flexibility** – Outsourced labor enables temporary employment in situations where hiring full-time workers would be costly and unnecessary.

Sources: Adam Frisch, Morgan Stanley Research.

Local Outsourcing/Consolidation: Proven to Be Viable Cost-Cutting Measures for State / Local Governments

	Years	Public Sector	Details	Total Cost Saving ($)	As % of Total Budget[1]	As % of Program Budget[1]
Automation	2002-2010	Missouri State Government	Digitized State Medicaid health record	~87MM	--	--
	1993-2010	Port Authority of New York and New Jersey	*E-ZPass* (electronic toll collection) can process 2.5x to 3x more vehicles per lane than toll attendants	--	--	--
Scale	2003	Pennsylvania State Government	Consolidated office supplies + computer procurement	~$30MM	--	--
	2002-2004	Dept. Management Services, FL	Outsourced HR and supporting IT system to local contractors	~173MM	0.3%	11.5%
	2004-2005	Health and Human Services Commission, TX	Outsourced HR, payroll and enterprise service center to private vendors	~1B	0.8%	5.0%
Flexibility	2010	Maywood, CA	Outsourced police force to county sheriff in an effort to avoid bankruptcy	~3.7MM	25%	50.7%
	2005	American Red Cross	Set up a Family Assistance Hotline within 10 days via an outsourcer (vs. 3-6 months doing it in-house)	--	--	--

Note: 1) Annual Budget of the year when outsourcing program started. Sources: HR Outsourcing in Government Organizations, The Conference Board; Outsourcing Methods & Case Studies, 2009; Maywood, CA data per The Economist. PA state government data per Ed Rendell, Governor of Pennsylvania.) E-ZPass per E-Zpass New Jersey Customer Service Center; Missouri Medicaid case study per ACS; American Red Cross per Tholons, Government Sector Outsourcing.

Focus on Operating Efficiency – *Policy Options From National Commission on Fiscal Responsibility and Reform Co-Chairs' Proposal*

Focus on Operating Efficiency: Illustrative Policy Options From the Report of the National Commission on Fiscal Responsibility and Reform

Illustrative Policy Options	Deficit Reduction in F2015E
Eliminate 250,000 non-defense service and staff augmentee contractors	$18 billion
Eliminate all earmarks[1]	$16
Freeze federal salaries, bonuses, and other compensation at non-Defense agencies for three years	$15
Cut the federal workforce by 10% (2-for-3 replacement rate)	$13
Create a Cut-and-Invest Committee charged with trimming waste and targeting investment	$11
Slow the growth of foreign aid	$5
Other[2]	$22
Total Deficit Reduction F2015E	**$100 billion**

Note: 1) an earmark is a legislative (especially congressional) provision that directs approved funds to be spent on specific projects, or that directs specific exemptions from taxes or mandated fees. 2) Other includes eliminate NASA funding for commercial spaceflight, terminate low-priority Army Corps of Engineers programs, sell excess federal property, reduce congressional & White House budgets by 15%, reduce unnecessary printing costs and more. Source: National Commission on Fiscal Responsibility and Reform, "The Moment of Truth: Report of the National Commission on Fiscal Responsibility and Reform," 12/1/10.

What Might a Turnaround Expert Consider?

1

Focus on Expenses

- Reform Entitlement Programs
- Focus on Operating Efficiency

2

Focus on Revenues

- Drive Sustainable Economic Growth
- Consider Changing Tax Policies

Focus on Revenues – Drive Sustainable Economic Growth + Change Tax Policies

2

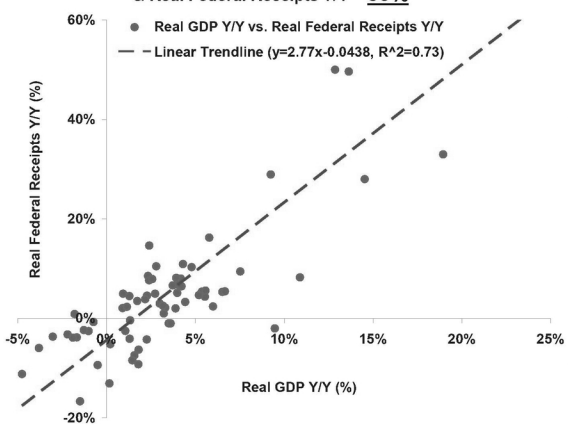
Focus on Revenues

- **Drive Sustainable Economic Growth**
  - Invest in Technology / Infrastructure / Education
  - Increase / Improve Employment
  - Improve Competitiveness
- **Consider Changing Tax Policies**
  - Review Tax Rates
  - Reduce Subsidies / Tax Expenditures*/ Broaden Tax Base

*Note: *Tax subsidies / expenditures are losses to the U.S. Treasury from granting certain deductions, exemptions, or credits (such as those on mortgage interest payments and employer-sponsored health insurance payments) to specific categories of taxpayers.*

GDP Growth = Biggest Driver of Federal Revenue Growth…& 85% Correlation

1940 – 2009 Historical Correlation Between USA Real GDP Y/Y & Real Federal Receipts Y/Y = 85%



2010E – 2019E

If Real GDP Y/Y is	Real Federal Revenue Could Grow…
5%	7%
4	5
3	2
2	0
1	-2
0	-4
-1	-7
-2	-9
-3	-11
-4	-13
-5	-16

Current Consensus GDP Forecasts

Data source: White House Office of Management & Budget (1940 – 2009).

It's Easy to Gripe About USA Inc.'s High Expense Levels… That Said, High Expenses Could be Covered by High Revenue

- **There are two primary drivers of USA Inc.'s revenue: 1) GDP growth and 2) related tax levies on consumers and businesses.**
- To bring its income statement mechanically to break-even for 2009 (excluding one-time charges), USA Inc. would have needed to raise individual income tax rates by ~2x across-the-board to an average of ~26-30% (from ~13%) of gross income.[1] This certainly seems draconian. And a tax increase of this nature would surely have a significant negative impact on USA's GDP growth as consumers would have far less disposable income to buy goods and services.
- This brings us to a key element of USA's financial challenges – the need to drive economic (GDP) AND related job growth. This is not easy. A material portion of GDP growth over the past few decades was driven by rising consumption aided by rising leverage and we have now entered a period of de-leveraging.
- Stronger economic growth would be hugely beneficial for USA Inc.'s revenues. But the legacy of the financial crisis – severe housing imbalances and the need to complete the long process of writing off private mortgage debt – means that the US recovery will probably remain slow for at least several years. The silver lining: A booming global economy should provide a modest lift to US growth.

Note: 1) USA Inc.'s F2009 revenue shortfall was $997B (excluding one-time discretionary spending items). F2009 total income tax receipts from individuals were $915B. As a result, if one were to raise individual income tax rates alone to achieve financial break-even, one would have to more than double individual income tax rates across-the-board.

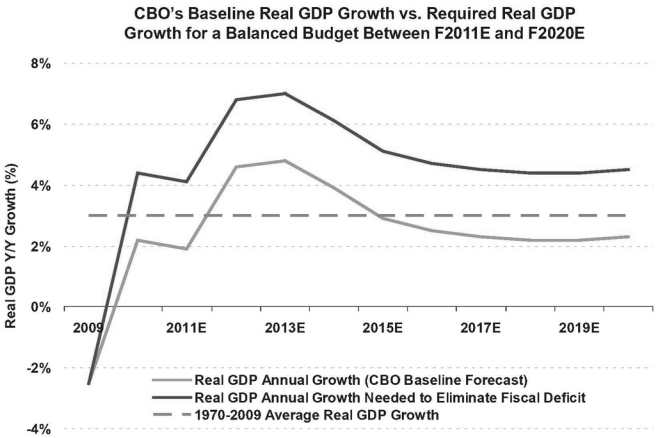
Drive Growth: If Real GDP Grows 0.1 Percentage Point Faster Than Current CBO Projection For F2011-F2020E, the Budget Deficit Could Shrink by 5% Without Other Policy Changes

- CBO analysis shows that for every 0.1 percentage point (pps) increase in real GDP annual growth rate above CBO's baseline estimate for F2011-F2020E, USA Inc.'s revenue (driven by taxes) could be $247 billion higher, spending could be $41 billion lower (driven by reduced welfare spending) and the budget deficit could be reduced by $288 billion, or 5%.

CBO's baseline assumption for annual real GDP growth	What if real GDP grows faster than CBO's forecast by…	F2011-F2020E Impact on USA Inc.'s Revenue ($B / %)	Spending ($B / %)	Deficit Reduction ($B / %)
2.1% F2011E 4.4% F2012-14E 2.4% F2015-20E	0.1 pps	+$247 +1%	-$41 --%	-$288 -5%
	0.5 pps	+$1,235 +3%	-$205 --%	-$1,440 -23%
	1 pps	+$2,470 +6%	-$410 -1%	-$2,880 -46%
	2 pps	+$4,940 +13%	-$820 -2%	-$5,760 -92%

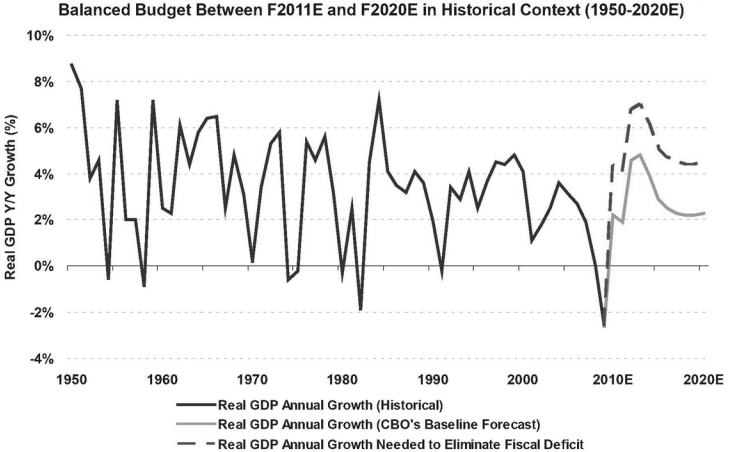
Note: pps is percentage point(s). $ amount and % changes in revenue / spending / deficit are over the entire F2011-F2020E period. Source: CBO, "The Budget and Economic Outlook: Fiscal Years 2010 to 2020," 8/10.

How Much Would Real GDP Need to Grow to Drive USA Inc. to Break-Even Without Policy Changes? 6-7% in F2012E-F2014E & 4-5% in F2015-F2020E…Well Above 40-Year Average of 3%



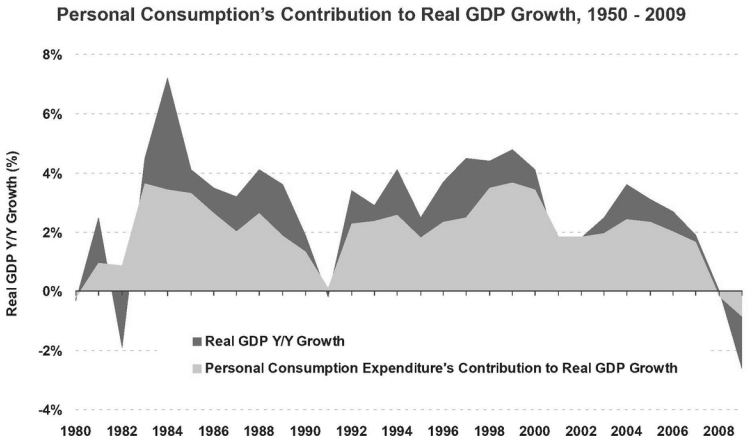
Source: CBO, "The Budget and Economic Outlook: Fiscal Years 2010 to 2020," 8/10.

It's Highly Unlikely That Annual Real GDP Can Grow Faster Than 6%... It Happened Only 8 Times in Past 60 Years and Was Always Linked to a Cyclical Bounce Back



Source: CBO, "The Budget and Economic Outlook: Fiscal Years 2010 to 2020," 8/10.

USA Consumers = Biggest Demand Driver For GDP Growth, Until 2007



Source: BEA.

Beginning in 2007, Wealth Destruction + High Unemployment Forced Consumers to Save Again, Potentially Reducing Short-Term Demand for Goods & Services

3% average annual GDP growth (1981 - 2007) was helped as the average USA consumer:

1) Increased personal consumption as percent of GDP to 71% from 62%;

2) Decreased personal savings rate to 2% of disposable income from 11%;

Beginning in 2007, things changed as:

1) The average US consumer experienced a material decline in the value of his / her largest investment assets (real estate and equities) from 2007 to 2009 when peak-to-trough valuations for USA residential real estate declined 30% and the S&P 500 declined 56%;

2) Unemployment rose to 10% in 2009 / 2010 from 30-year trough of 4% in 1999, creating uncertainty regarding future personal income levels;

3) Personal savings rate increased to 6% in 2009 / 2010 of disposable income from 2% in 2007, as uncertainty grows and appetite for consumption ebbs;

All in, the key driver of US GDP growth – the US consumer's ability to spend – is severely constrained in the short term as he / she aims to rebuild savings and contain spending. This raises the question – 'How fast can US GDP grow annually over the next ten years?' Determining ways to drive GDP (and related job growth) is crucial…

Source: Residential real estate decline based on CQ1:07 to CQ1:09 changes in S&P Case-Shiller Home Price Index. GDP growth & composition / personal savings rate per BEA. Unemployment rate per BLS.

Economic Policy–Short-Term vs. Long-Term

- Economic theory + experience of the Great Depression suggest government can use fiscal policy (increase direct spending + investment) to offset near-term shortfalls in private demand.
- In the long term, USA Inc. cannot sustain higher levels of direct spending / investment without crowding out private consumption / investment.
- Therefore, USA Inc. should prioritize and allocate available resources to stimulate growth in productivity + employment, which drive long-term GDP growth.

Improving Employment, Productivity, & Hours Worked Are Source of Sustainable Long-Term GDP Growth

USA Long-Term GDP Growth[1]
(1970-2009)
2.83%

Productivity Growth
1.53%
DRIVEN BY:
Technology / Infrastructure
Education (Labor Quality)
Other (Total Factor Productivity)

Employment Growth
1.53%
DRIVEN BY:
Unemployment Rate
Labor Force Growth

Hours Worked Per Worker
-0.22%
Has Been Consistent At ~39-40 Hours per Week

Note: 1) all growth numbers are rounded average annual growth rates and are adjusted for inflation. 2.83% is the average annual GDP growth rate from 1970 to 2009, per BEA. Labor force growth of 1.53% is the average annual growth rate from 1970 to 2009, per BLS. Hours worked per worker per OECD. Productivity growth of 1.53% is calculated by subtracting employment growth and hours worked per worker growth from real GDP growth. Average annual growth rate of 1.53% is roughly in line with other estimates such as Dale W. Jorgenson, Mun S. Ho, Kevin J. Stiroh, "Growth of U.S. Industries and Investments in Information Technology and Higher Education" <http://www.nber.org/chapters/c10627>

Focus on **Productivity** & **Employment** Growth, Each of Which Accounts for ~50% of Long-Term Real GDP Growth

- **Investments in Technology / Infrastructure / Education Boost Productivity.**
  - Newer technology improves efficiency of communication and lowers costs of providing goods and services.
  - Better infrastructure reduces transportation costs for input and output materials
  - Better education improves general labor quality and enables specialization for more efficiency.
- **Removing Restrictions / Uncertainties in Various Regulations Can Stimulate Private Employment.**
  - Immigration does not reduce employment opportunities for US-born workers, per Federal Reserve study in 8/10.
  - Removing tax / regulatory uncertainty could help create hiring incentives for private industries.
- **Hours Worked per Worker Have Remained Steady at ~39-40 Hours per Week From 1970 to 2009 and Will Likely Remain Steady.**

Source: OECD, Dale W. Jorgenson, Mun S. Ho, Kevin J. Stiroh, "Growth of U.S. Industries and Investments in Information Technology and Higher Education" http://www.nber.org/chapters/c10627, Federal Reserve.

2

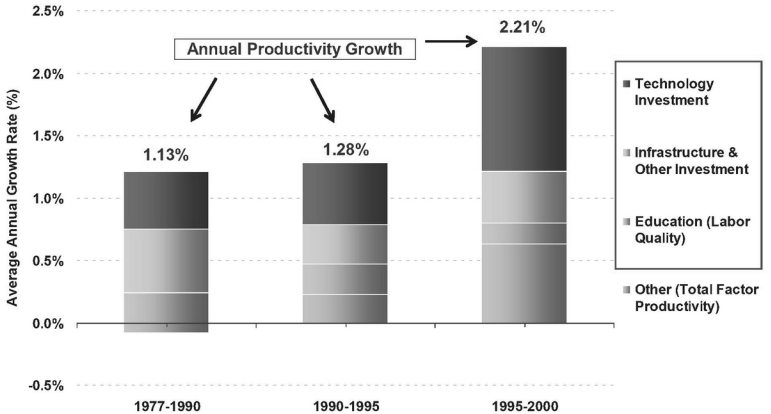
Focus on Revenues

Drive Sustainable Economic Growth
- Invest in Technology / Infrastructure / Education
- Increase / Improve Employment
- Improve Competitiveness

Consider Changing Tax Policies
- Review Tax Rates
- Reduce Subsidies / Tax Expenditures*/ Broaden Tax Base

Technology + Infrastructure + Education Investments Drove ~90% of Labor Productivity Growth for Past ~30 Years

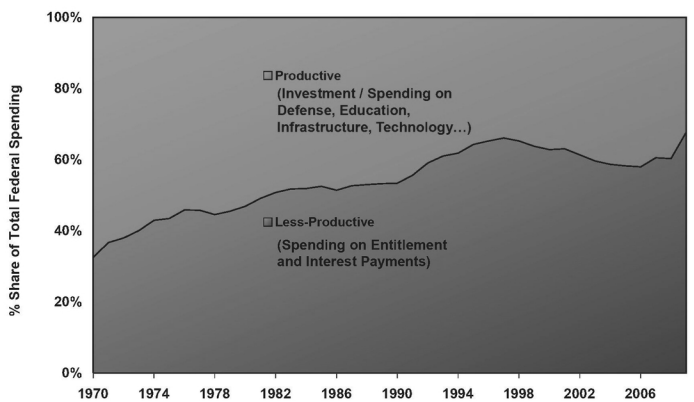
Sources of USA Average Labor Productivity Growth, 1977-2000



Note: Total Factor Productivity is the portion of output not explained by the amount of inputs used in production.
Source: Dale W. Jorgenson, Mun S. Ho, Kevin J. Stiroh, "Growth of U.S. Industries and Investments in Information Technology and Higher Education" <http://www.nber.org/chapters/c10627>

However, USA Inc. Has Increasingly Allocated Resources Away from Productive Technology + Infrastructure + Education *Investment / Spending* Toward Less-Productive Entitlement Program *Spending*

USA Real Federal Productive vs. Less-Productive Spending*, 1970-2009



*Note: *Total spending excludes one-time items (such as TARP / GSE / ARRA) for F2008 / F2009 data.*
Data source: White House Office of Management & Budget (1970-2009).

Drive Growth: Technology

Technology Improves Efficiency of Communication and Lowers Costs of Providing Goods and Services

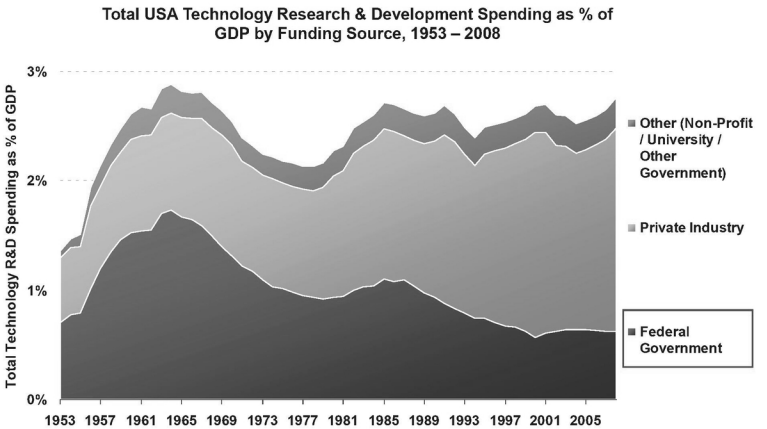
Technology Has Driven Significant Wealth & Job Creation

S&P 500 Sector Market Value Share, 1995 – 2010

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Information Technology	**9%**	**12%**	**12%**	**18%**	**29%**	**21%**	**18%**	**14%**	**18%**	**16%**	**15%**	**15%**	**17%**	**15%**	**20%**	**19%**
Financials	13	15	17	15	13	17	18	20	21	21	21	22	18	13	15	16
Consumer Staples	13	13	12	11	7	8	8	9	11	10	9	9	10	13	12	12
Health Care	11	10	11	12	9	14	14	15	13	13	13	12	12	15	12	11
Energy	9	9	8	6	6	7	6	6	6	7	9	10	13	13	11	11
Industrials	13	13	12	10	10	11	11	12	11	12	11	11	12	11	10	10
Consumer Discretionary	13	12	12	13	13	10	13	13	11	12	11	11	8	8	10	10
Utilities	5	4	3	3	2	4	3	3	3	3	3	4	4	4	4	4
Materials	6	6	4	3	3	2	3	3	3	3	3	3	3	3	3	4
Telecom Services	9	7	7	8	8	5	5	4	3	3	3	4	4	4	3	3
S&P 500 Mkt Cap ($T)	**$5**	**$6**	**$8**	**$10**	**$12**	**$12**	**$10**	**$8**	**$10**	**$11**	**$11**	**$13**	**$13**	**$8**	**$10**	**$11**

Note: 2010 data as of 12/31/10. Source: FactSet, Bloomberg.

But USA Inc. Has Steadily Scaled Back Investment in Technology R&D Since the 1960s…the Good News is That Private Industry Has Picked Up Lots of Slack, So Far



Source: National Science Foundation, Science and Engineering Indicators, 2008.

For GDP Growth & Job Creation, It's Key for Private Industry to Remain Incentivized to Invest in R&D

As we contemplate our future, we must accept the fact that many of the assumptions under which business operated for the past 50 years no longer hold true…If we are committed to investing in ideas to improve – not just maintain – what we have and what we know, the United States will do more than just recover from this recession. We will emerge, once again, as a competitive, global powerhouse…Innovation…accrues to countries in proportion to the quality and rigor of their educational systems…The future of every nation will be shaped by new ideas and creativity. These are the engines of future prosperity.

– Paul Otellini, CEO, Intel Corporation, 2/10/09

Government targeted and 'blue sky' investment in technology (and defense) has led to crucial technology inventions for America – such as ARPANET / Internet (1970s) and Global Positioning System (1980s)..., which, on a net basis, have created jobs, wealth and related tax revenue.

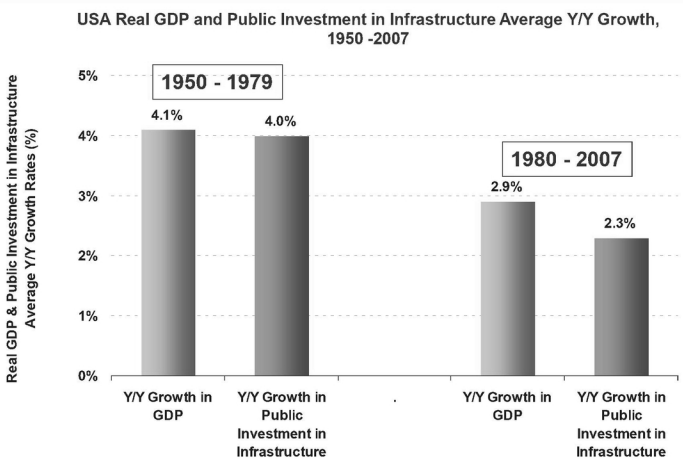
Government investment in technology remains important, but, perhaps more important, government must help incentivize private industry (via tax policies such as allowing companies to repatriate overseas cash at lower tax rates[1] and other tools) to invest in domestic research & development and to create jobs…and create a stable environment in which to operate.

Note: 1) See John Chambers and Safra Catz, "The Overseas Profits Elephant in the Room," The Wall Street Journal, 10/20/10.

Drive Growth: Infrastructure

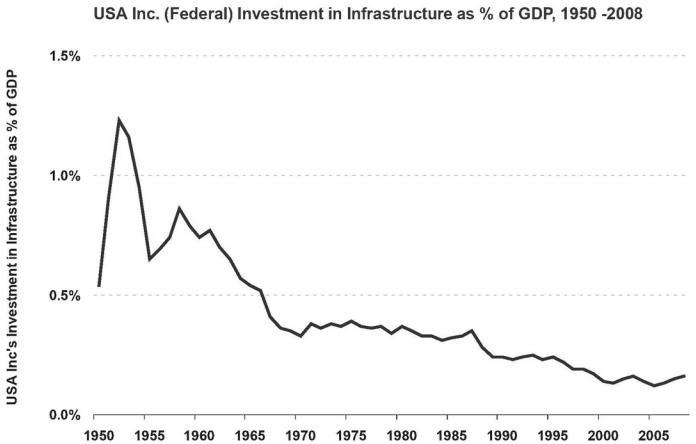
Better Infrastructure Reduces Transportation Costs
For Input and Output Materials

Public Investment in Infrastructure Has Helped Drive GDP Growth



Source: Political Economy Research Institute, "How Infrastructure Investments Support the U.S. Economy: Employment, Productivity and Growth", 1/09.

But USA Inc.'s Investment in Infrastructure Has Been Steadily Declining for Five Decades…



Source: BEA.

…Leading to Deteriorating Infrastructure in America and Pent-Up Demand for Investment

American Society of Civil Engineers' Report Card Grades for America's Infrastructure, 1988 vs. 2009

	1988	2009
Aviation	B-	D
Bridges	--	C
Dams	--	D
Drinking Water	B-	D-
Energy	--	D+
Hazardous Waste	D	D
Inland Waterways	B	D-
Levees	--	D-
Rail	--	C-
Roads	C+	D-
School Buildings	D	D
Solid Waste	C-	C+
Transit	C-	D
Wastewater	C	D-
Overall USA Infrastructure G.P.A.	**C**	**D**
Cost to Improve	**--**	**$2.2T**

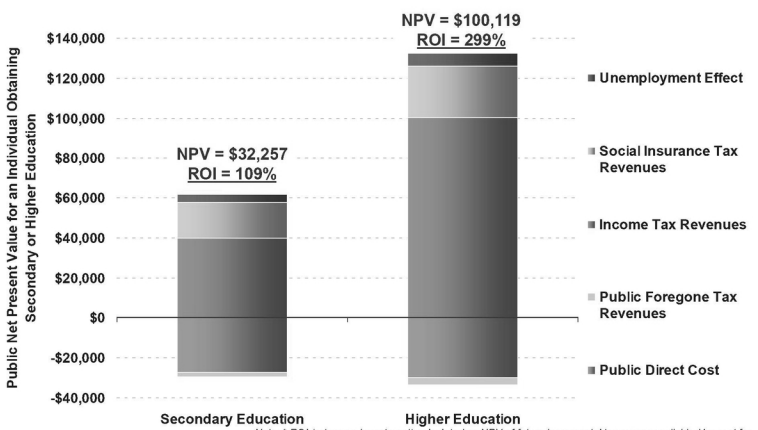
Note: The first infrastructure grades were given by the National Council on Public Works Improvements in its report "Fragile Foundations: A Report on America's Public Works, released in February 1988." Source: American Society of Civil Engineers, "2009 Report Card for America's Infrastructure".

Drive Growth: Education

Better Education Improves General Labor Quality
and Enables Specialization For More Efficiency

Education = High Long-Term ROI* Investment
Each $1 of Government Spending Could Generate Up to $3 of Incremental Tax Return

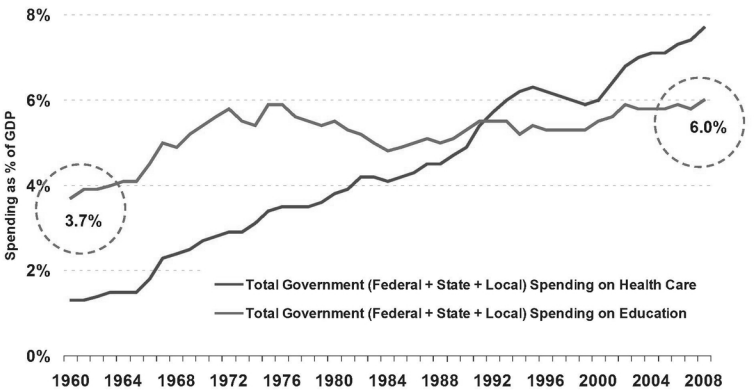
USA Inc. Net Present Value (NPV) for an Individual Obtaining Secondary / Higher Education, 2005**



*Note: * ROI (return on investment) calculated as NPV of future incremental tax revenues divided by cost for government to support an individual for education. **Limited to male samples, female samples tend to have a lower public NPV. Source: OECD.*

While Government Spending on Education Increased 60% Over Past 50 Years, At Margin, Government Spent More on Healthcare…

USA Total Government Healthcare vs. Education Spending as % of GDP, 1960 – 2008



Note: Total government spending on healthcare includes Medicare, Medicaid and other programs and total government spending on education includes spending on pre-primary through tertiary education programs. Source: Dept. of Education, Dept. of Health & Human Services.

Despite Increased Government Spending, USA Education is Falling Behind – Math / Science Tests Scores Well Below OECD Average & Getting Worse Though Self Confidence Rising

USA Ranking Out of 30-34* OECD Countries

in PISA (Program for International Student Assessment for 15-Year Olds)
2000 / 2003 / 2006 / 2009

	2000	2003	2006	2009	2000-2009 Trend
Mathematics	18	23	25	25	↓↓
Science	14	19	21	17	↓
Reading	16	15	--**	14	↑
Self Confidence[1]	2	1	1	--	↑

*Note: *30 OECD countries participated in 2000 / 2003 PISA, 34 OECD countries participated in 2006 / 2009 PISA. 1) Confidence is the self-perceived efficacy in learning abilities (for year 2000); mathematical problem solving abilities (for year 2003) and scientific problem solving abilities (for year 2006). USA tied in confidence ranking with Canada, Hungary, Slovakia, Switzerland and Liechtenstein in 2003 and tied with Poland and Canada in 2006. **2006 reading scores for USA were rendered invalid because of a printing error in questionnaire instructions. Source: OECD.*

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USA Student Achievement Rankings* in Mathematics / Science Have Fallen vs. Other OECD Countries

Mathematics Ranking*

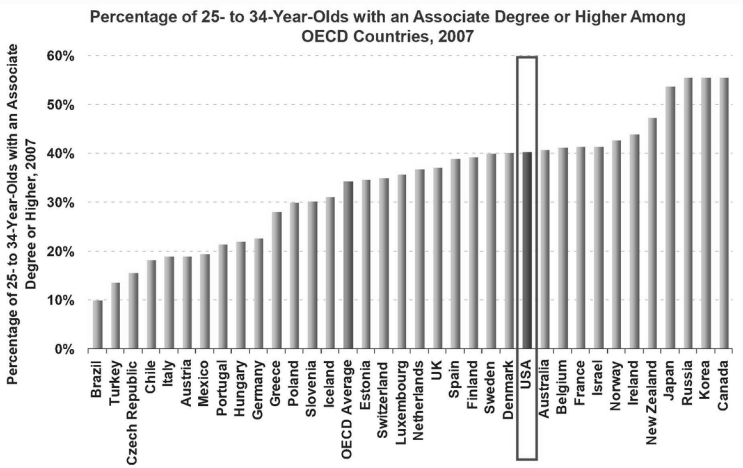
	2000	2009
1	Japan	S. Korea
2	S. Korea	Finland
3	New Zealand	Switzerland
4	Finland	Japan
5	Australia	Canada
6	Canada	Netherlands
7	Switzerland	New Zealand
8	UK	Belgium
9	Belgium	Australia
10	France	Germany
11	Austria	Estonia
12	Denmark	Iceland
13	Iceland	Denmark
14	Sweden	Slovenia
15	Ireland	Norway
16	Norway	France
17	Czech Republic	Slovakia
18	USA	Austria
19	Germany	Poland
20	Hungary	Sweden
21	Spain	Czech Republic
22	Poland	UK
23	Italy	Hungary
24	Portugal	Luxembourg
25	Greece	USA
26	Luxembourg	Ireland
27	Mexico	Portugal
28		Spain
29		Italy
30		Greece
31		Israel
32		Turkey
33		Chile
34		Mexico

Science Ranking*

	2000	2009
1	Korea	Finland
2	Japan	Japan
3	Finland	S. Korea
4	UK	New Zealand
5	Canada	Canada
6	New Zealand	Estonia
7	Australia	Australia
8	Austria	Netherlands
9	Ireland	Germany
10	Sweden	Switzerland
11	Czech Republic	UK
12	France	Slovenia
13	Norway	Poland
14	USA	Ireland
15	Hungary	Belgium
16	Iceland	Hungary
17	Belgium	USA
18	Switzerland	Czech Republic
19	Spain	Norway
20	Germany	Denmark
21	Poland	France
22	Denmark	Iceland
23	Italy	Sweden
24	Greece	Austria
25	Portugal	Portugal
26	Luxembourg	Slovak Republic
27	Mexico	Italy
28		Spain
29		Luxembourg
30		Greece
31		Israel
32		Turkey
33		Chile
34		Mexico

*Note: *USA ranking out of OECD countries in PISA (Program for International Student Assessment for 15-Year Olds). Source: OECD.*

USA Young Adults' (25-34) Higher-Education* Penetration Significantly Lags Behind Canada / Korea / Russia / Japan



*Note: *Higher education defined as post-secondary (college / university) education. Source: OECD.*

Focus on Revenues

Drive Sustainable Economic Growth

- Invest in Technology / Infrastructure / Education
- **Increase / Improve Employment**
- Improve Competitiveness

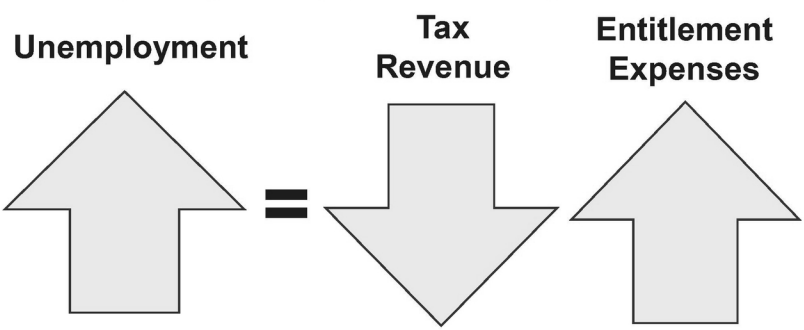
Consider Changing Tax Policies

- Review Tax Rates
- Reduce Subsidies / Tax Expenditures*/ Broaden Tax Base

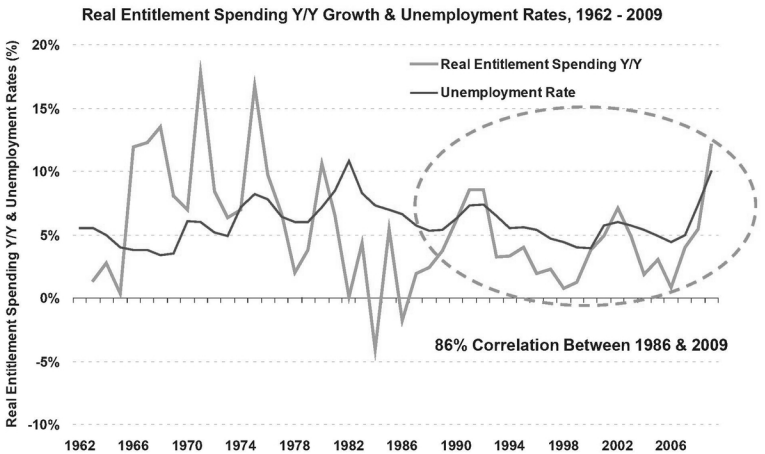
Employment = Key to Growth in Federal Revenue & Expenses

The deficit problem is exacerbated by the business cycle.

A stagnant or declining job market means lower income (via tax revenue) and higher outlays (via entitlement expenses) for USA Inc.



Though Entitlements Are Structural, Not a Cyclical Problem, Entitlement Outlays Go Up with High Unemployment



Note: Real spending adjusted for inflation. Fiscal year ends in September. Source: White House Office of Management & Budget, Bureau of Labor Statistics.

Increase Employment – High-Level Policy Options to Consider

Short-run options:

1) Payroll tax holiday ***and/or***
2) Employment tax credit ***and/or***
3) Job training ***and/or***
4) Restore labor mobility by reducing housing imbalances

Medium- to long-run options:

1) Reduce employer health care costs ***and/or***
2) Improve vocational training/education ***and/or***
3) Encourage inward foreign direct investment, "onshoring" which would increase domestic employment

Source: Richard Berner, "Employment Prospects and Policies to Improve Them" (2/26/10), Morgan Stanley Research.

Increase Employment: Structural Problems in USA Labor Force High Healthcare Costs + Skills Mismatch + Labor Immobility

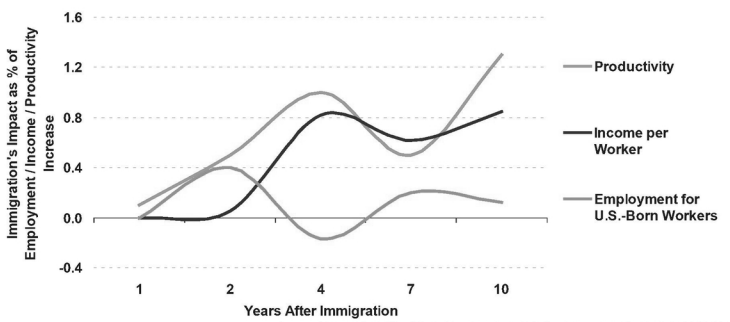
- **Healthcare costs may be a barrier to hiring for employers**
  - Healthcare benefits = 8% of average total employee compensation; grew at 6.9% CAGR from 1998 to 2008 compared with 4.5% CAGR in salaries.
  - Healthcare benefits are fixed costs as they are paid on an annual per-worker basis and do not vary with hours worked.
  - As employers try to lower fixed costs to right-size to reduced revenue levels, layoffs are the only way to reduce fixed healthcare costs.
- **Skills mismatch may be a barrier to hiring for employers**
  - A large portion of the long-term unemployed may lack requisite skills.
  - 14% of firms reported difficulty filling positions due to the lack of suitable talent, per 5/10 Manpower Research survey.
- **Labor immobility resulting from the housing bust may be a barrier to hiring**
  - One in four homeowners are "trapped" because they owe more than their houses are worth, so they cannot move to take new jobs – until they sell or walk away.

Source: Richard Berner, "Why is US Employment So Weak" (7/23/10), Morgan Stanley Research.

Increase Employment: Immigration Does Not Take Away Jobs in USA; It Improves Productivity + Boosts Income per Worker

- **Immigration = Positive Impact on USA Productivity & Income per Worker**
- **Immigration = Neutral Impact on Employment for U.S.-Born Workers**

% Change in USA Productivity / Income per Worker / Employment for U.S.-Based Workers In Response to an Inflow of Immigrants Equal to 1% of Employment



Source: Giovanni Peri, "The Effect of Immigrants on U.S. Employment and Productivity," 8/30/2010 Federal Reserve Board of San Francisco (FRBSF) Economic Letter 2010-26.

2

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Without appropriate government incentives in Education / Technology / Infrastructure / Employment, USA Inc. may continue to lose relative competitive strength to other countries.

Compared to 10 Years Ago, USA is Losing Competitiveness at the Margin vs. Its Peers

- **McKinsey conducted a study in 2010 that compares the USA with other countries on 20 attributes related to economic fundamentals, business climate, human capital and infrastructure. McKinsey compared current status vs. status in 2000.**
- We augmented the McKinsey study with 9 additional attributes across those aforementioned areas as well as government spending metrics.
- Through this study, we found that **America**, relative to other countries, **improved on none of the 29 attributes**, **remained the same on 9 attributes** (including GDP per capita, public debt as % of GDP, public spending on healthcare, public spending on education, growth in local innovation clusters, population & demographic profile, retention of foreign-born talents, total healthcare spending and cost-adjusted labor productivity) and **deteriorated on 20** (including trade surplus, national spending on R&D, industrial production, corporate tax rate, business environment, FDI, tax incentives for R&D, number of patent applications, availability of high-quality labor, higher education penetration, telecom & transportation infrastructure, etc.).

USA Ranking High in Country Attractiveness Indicators But Losing Share at the Margin…

	Key metrics	US Relative Position: Ten Years Ago	US Relative Position: Today	Trend
Economic Fundamentals	Household consumption	Top Quartile	Top Quartile	▼
	Household consumption growth	Top Quartile	Top Quartile	▼
	GDP	Top Quartile	Top Quartile	▼
	GDP per capita[2]	Top Quartile	Top Quartile	—
	Stock market capitalization	Top Quartile	Top Quartile	▼
	Technology company market cap[2]	Top Quartile	Top Quartile	▼
	Industrial production	Top Quartile	Top Quartile	▼
	Trade as % of GDP	Average	Average	▼
	Trade surplus[2]	Bottom Quartile	Bottom Quartile	▼
	National spending on R&D	Average	Average	▼
Government Spending	Defense spending[2]	Top Quartile	Top Quartile	▼
	Government public debt as % GDP[2]	Average	Average	—
	Public healthcare spending as % of GDP[2]	Top Quartile	Top Quartile	—
	Government surplus as % of GDP[2]	Bottom Quartile	Bottom Quartile	▼
	Public expenditure on education	Top Quartile	Top Quartile	—

Top Ranked Top Quartile Average Bottom Quartile

Source: 1) Growth and competitiveness in the United States: The role of its multinational companies, McKinsey & Company. 2) estimates based on data from IMF / OECD

…USA Ranking High in Country Attractiveness Indicators But Losing Share at the Margin

	Key metrics	US relative position: Ten Years Ago	US relative position: Today	Trend
Business climate	Statutory corporate tax rate	Average	Bottom Quartile	▼
	Business environment	Top Quartile	Top Quartile	▼
	FDI as % of GDP	Average	Average	▼
	Growth of local innovation clusters	Top Quartile	Top Quartile	—
	Tax incentives for R&D	Top Quartile	Average	▼
Human capital	Population and demographic profile	Top Quartile	Top Quartile	—
	Availability of high-quality labor	Top Quartile	Top Quartile	▼
	Retention of foreign-born talent	Top Quartile	Top Quartile	—
	Cost-adjusted labor productivity	Average	Average	—
	Total healthcare spending per Capita[2]	Top Quartile	Top Quartile	—
	Higher education penetration[2]	Top Quartile	Top Quartile	▼
	Number of patent applications	Top Quartile	Top Quartile	▼
Infrastructure	Transportation	Top Quartile	Top Quartile	▼
	Telecommunications	Top Quartile	Top Quartile	▼

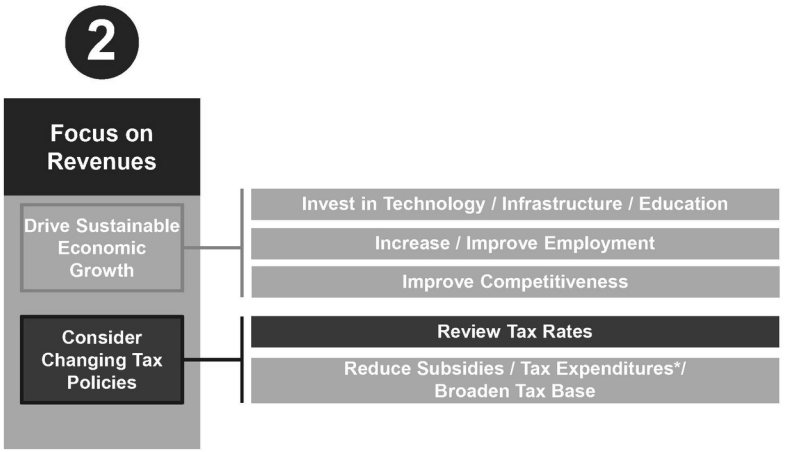
Top Ranked Top Quartile Average Bottom Quartile

Source: 1) Growth and competitiveness in the United States: The role of its multinational companies, McKinsey & Company. 2) estimates based on data from IMF / OECD

USA's Share of Global GDP Has Declined from 33% in 1985 to 24% in 2010, While China / Brazil / Korea's Shares Have Risen

Share of World GDP, USA vs. China / Brazil / India, 1985 – 2010E

Note: Data are NOT adjusted for purchasing power parity. Source: IMF.



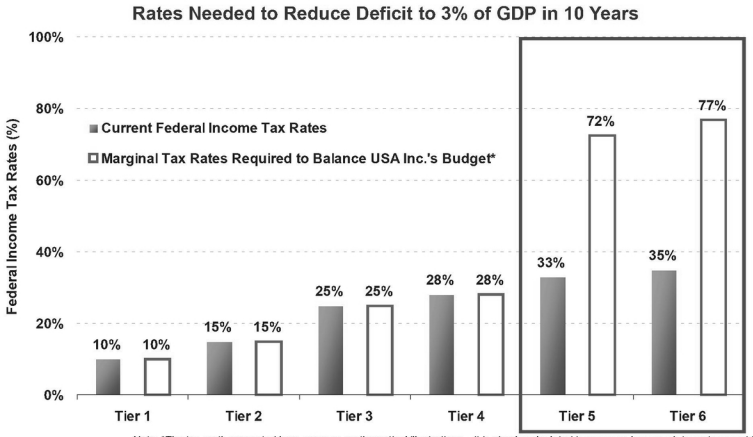
Simple Tax Math* – Big Across-the-Board Tax Rate Increases Would Be Needed to Potentially Generate Meaningful Revenue Improvements

Each one percentage point across-the-board tax rate increase would generate an incremental $127 billion revenue for USA Inc. in F2010E[1]...excluding any related negative impact on spending / GDP growth, which is difficult to do…

Across-the-Board Tax Rate Increase	Hypothetical Revenue Increase for USA Inc. in F2010E ($ billions)	…Which Would Reduce Estimated Losses in F2010E by
1 Percentage Point	$127	8%
2 Percentage Points (pps)	$254	16%
3 pps	$381	24%
4 pps	$508	33%
5 pps	$635	41%
10 pps	$1,270	82%

*Note: *The simple tax math presented here are pure mathematical illustrations – we simply calculated how big a broad-based tax rate increase (for individual and corporate income, as well as payroll) would have to be for USA Inc. to financial break-even. These calculations are merely mechanical illustrations and are not meant to portray realistic solutions. 1) Incremental dollar amount calculated as 1% of projected total personal & corporate income, which historically has been at ~87% of GDP. Source: F2010E revenue & deficit per White House OMB, GDP per CBO.*

More Complex Tax Math: If Lower Brackets Excluded, Draconian Rate Hikes Required to Attempt to Bring USA Inc. Budget Into Financial Balance

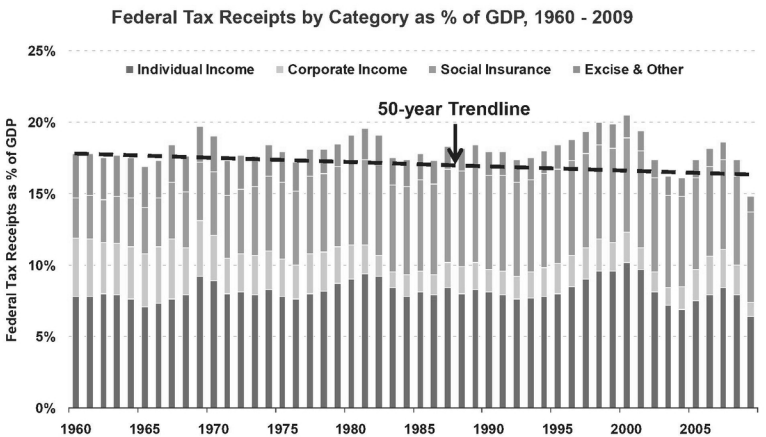


*Note: *The tax math presented here are pure mathematical illustrations – it is simply calculated to measure how much tax rates need to increase (for the top two income brackets) to achieve a deficit-to-GDP ratio of 3% by 2019E assuming a baseline budget path and relying on personal income tax rate hikes alone. These calculations are merely mechanical illustrations and are not meant to portray realistic solutions.*
Source: The Urban Institute (Desperately Seeking Revenue, By Altshuler, Lim and Williams, 1/5/2010.

Pros + Cons of Tax Rate Hikes

- A more progressive income tax system could lower tax burden from potential subsidy cuts and carbon taxes on the low-income population.
- Addressing income inequality may enhance perceived fairness – and political chances – of comprehensive deficit measures.
- Across-the-board tax rate increases would hurt nearly everyone, but especially lower-income taxpayers.
- Rate increases on upper brackets usually spur tax avoidance, and revenues often fall short of targets.
- Rate increases, which discourage savings, amplify distortions in the economy from tax subsidies, exclusions and tax expenditures, all of which encourage consumption.

Despite Multitudes of Tax Rate Changes, USA Inc.'s Tax Revenue as Percent of GDP Remained Roughly Stable at 15-20% from 1960-2002



Source: White House OMB.

2

Focus on Revenues

Drive Sustainable Economic Growth
- Invest in Technology / Infrastructure / Education
- Increase / Improve Employment
- Improve Competitiveness

Consider Changing Tax Policies
- Review Tax Rates
- Reduce Subsidies / Tax Expenditures*/ Broaden Tax Base

Illustrating the Revenue Tradeoffs – Changing Tax Rates vs. Broadening the Tax Base

Mathematical Illustrations*

1) To eliminate F2010 deficits by increasing individual / corporate / payroll tax rates across-the-board would require +12 percentage points of tax rate increase (raising $1.4 trillion) – and would likely damage economic growth? *or*

2) To eliminate primary budget deficit** by F2019E by increasing top two tiers of income tax rates would require moving marginal rates to 72% / 77% from 33% / 35% – also likely to damage growth and encourage tax avoidance? *or*

3) Broadening tax base could require reducing 'tax expenditures' and subsidies, e.g., limiting deductions and subsidies for housing & healthcare?

Policy Options

1) A combination of somewhat higher rates and a broader tax base? *and/or*

2) Changing taxation of individual income to encourage saving / investment rather than consumption (perhaps a value-added tax and/or carbon tax)? *and/or*

3) Changing taxation of corporate income to reflect global competition?

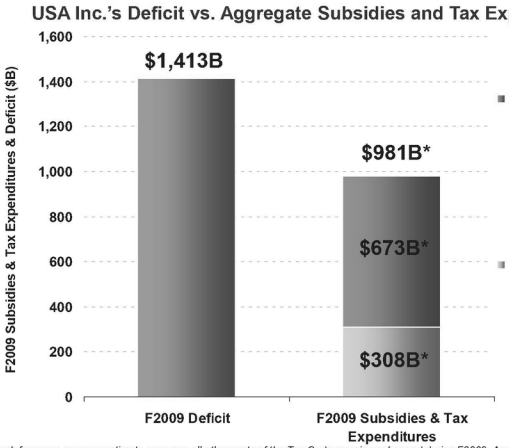
*Note: *The simple tax math presented here are pure mathematical illustrations – we simply calculated how big a broad-based tax rate increase (for individual and corporate income, as well as payroll) would have to be for USA Inc. to financial break-even. These calculations are merely mechanical illustrations and are not meant to portray realistic solutions. **Primary budget deficit is the budget deficit excluding net interest payments.*

Changing USA Inc.'s Tax System Could Help Rebalance the Economy & Reallocate Resources

- **Though there would be adjustment costs, reducing subsidies and 'tax expenditures' could broaden the tax base and collect more revenue, while allowing income tax rates to stay low or go lower.**
- The current system favors consumption, penalizes saving; a tax based on consumption (or "value added") could offset some of that penalty, though there are risks and drawbacks.
- Subsidies create incentives to consume more health insurance and housing – both account for 20% of GDP, vs. 11% in 1965[1] – and take resources from other sectors like education, technology, infrastructure.
- A worldwide corporate tax system with a lower tax rate could reduce incentives for companies to keep income offshore.
- A carbon tax could raise some additional revenue to reduce the deficit, while encouraging sustainable economic development.

Source: 1) per BEA and CMS.

Changing Tax Policy to Broaden Tax Base: Subsidies + Tax Expenditures = 70% of USA Inc.'s Cash Flow Deficit



- **Some tax expenditures favor consumption…**

  Such as tax exemption on employer contributions to health insurance & deductibility of mortgage interest on owner-occupied homes…

- **…But others favor saving, investment, and growth**

  Such as tax exemptions / deductibility on capital gains / dividends / pension contributions & savings / accelerated depreciation of equipment…

*Note: *Each foregone revenue estimate assumes all other parts of the Tax Code remain unchanged during F2009. Aggregate tax subsidies presented here is simply the sum of individual estimates. In reality, the aggregate estimate would be different if tax subsidies were changed simultaneously because of potential interactions among provisions.*

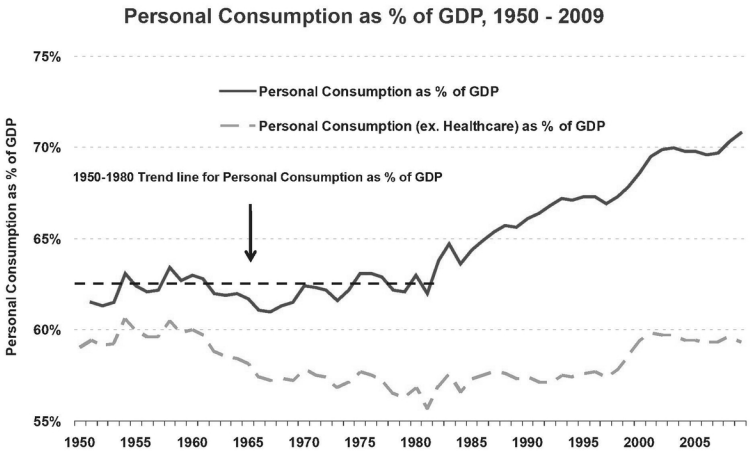
Source: White House OMB, "Analytical Perspective – Budget of the U.S. Government, Fiscal Year 2011."

Raising Revenue by Reducing Tax Expenditures & Subsidies: Examples

- **Reducing the biggest tax expenditures and subsidies could net $1.7 trillion in additional revenue over the next decade, per CBO and the Committee for a Responsible Federal Budget:**
  - **Reduce the tax exclusion for health insurance or replace with a credit**
  - **Cap the deduction for state and local taxes**
  - **Gradually reduce the mortgage interest deduction or change to a credit**
  - **Limit the tax benefit of other deductions, e.g., charitable contributions**
- **Some subsidies encourage saving or investment…and cutting them could mean short-term revenue gain but a net loss over time. Examples:**
  - **Favorable taxation of capital gains, dividends, and pension contributions**
  - **Exclude investment income from life insurance and annuities in taxable income**
  - **Accelerated depreciation or expensing of capital equipment outlays**

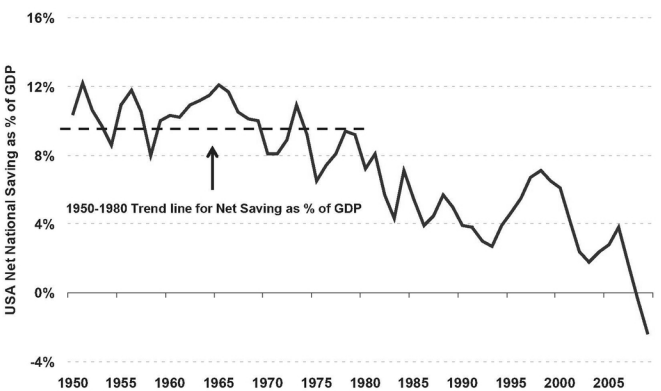
Source: Sources: Congressional Budget Office, Budget Options Volume 1: Health Care and Volume 2, 2009; Committee for a Responsible Federal Budget, Let's Get Specific: Tax Expenditures (October 2010)

USA's Unbalanced Economy – Personal Consumption (Driven in Part by Healthcare) = 71% of GDP vs. 62% From 1950 To 1980…



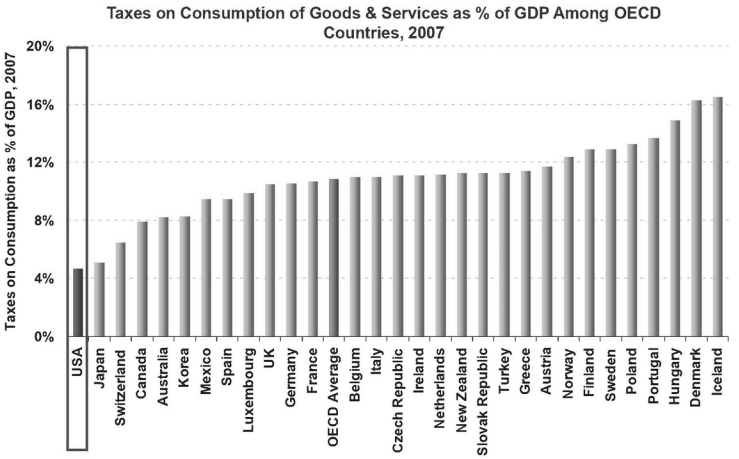
Note: Personal consumption includes household consumption of all goods and services. Source: BEA, Federal Reserve.

…USA's Unbalanced Economy – National Savings (Personal + Corporate + Government Savings) = -3% of GDP, vs. 10% From 1950 To 1980



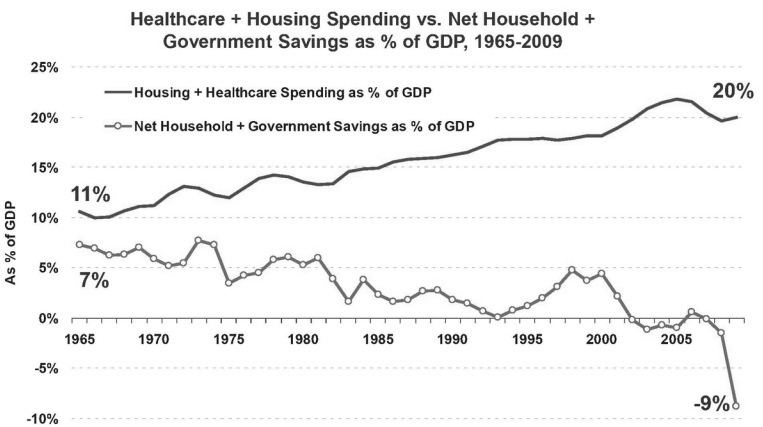
Note: National savings equal the aggregate savings by household, corporate and government sectors. Source: BEA, Federal Reserve.

Current Tax Policies Help Spur Consumption – USA's Taxes on Consumption of Goods & Services Lowest Among Peers



Source: OECD, 2009 database.

America's Resources Allocated to Housing + Healthcare Nearly Doubled as a Percent of GDP Since 1965, While Household and Government Savings Fell Dramatically



Note: Housing includes purchase, rent and home improvement. Government savings occur when government runs a surplus.
Source: BEA, CMS via Haver Analytics.

USA Income Taxes Higher, Consumption Taxes Lower Than OECD Peers

Government Tax Revenue as % of GDP, USA vs. OECD Average, 2007

Tax Type	USA	OECD Average	Variance (USA – OECD)
Individual Income Taxes	10.8%	9.4%	1.4%
Property Taxes	3.1	1.9	1.2
Other	4.7	5.0	-0.3
Corporate Income Taxes	3.1	3.9	-0.8
Social Security Taxes	6.6	9.1	-2.5
Value Added Taxes	--	6.5	-6.5
Total	**28.3%**	**35.8%**	**-7.5%**

Source: OECD Tax Database.

Tax Policy Options From Report of the National Commission on Fiscal Responsibility and Reform

- Consolidate the tax code into three individual income rates (15% / 25% / 35%) and one corporate income rate (26%)
- Eliminate the complex tax codes such as AMT[1], PEP[2], and Pease[3]
- Triple standard deduction to $30,000 ($15,000 for individuals)
- Repeal state & local tax deduction and miscellaneous itemized deductions
- Limit mortgage deduction to exclude 2nd residences, home equity loans, and mortgages over $500,000
- Limit charitable deduction with floor at 2% of Adjusted Gross Income
- Cap income tax exclusion for employer-provided healthcare at the amount of the actuarial value of Federal Employees Health Benefits Plan (FEHBP) standard option
- Permanently extend the research tax credit for businesses
- Eliminate and modify several business tax expenditures (domestic production deduction / LIFO[4] method of accounting / energy tax preferences for the oil and gas industry / depreciation rules)
- International tax reform including a territorial system[5]

Note: 1) AMT is the Alternative Minimum Tax; 2) PEP is Personal Exemption Phase-out designed to eliminate personal income exemptions for high earners; 3) Pease is a similar phase-out, but instead of applying to personal exemption, it applies to most of the itemized deductions of a taxpayer's claims (mortgage interest, charitable gifts, state & local taxes paid, etc.); Pease is named after Representative Donald Pease (D-OH) who pushed for its enactment in 1990. 4) LIFO is 'Last In, First Out' which tend to reduce corporations' income taxes in times of inflation. 5) A territorial tax system is a tax system that taxes only income that is created within the borders of a specific territory (usually a country). Source: National Commission on Fiscal Responsibility and Reform, "The Moment of Truth: Report of the National Commission on Fiscal Responsibility and Reform," 12/1/10. Note that the Report also identified two other scenarios called the 'The Zero Plan' which eliminates all tax expenditures and 'Tax Reform Trigger' which forces Congress to undertake comprehensive tax reform by 2012 by raising taxes for each year Congress fails to act.

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Consequences of Inaction

To Take a Step Back…

- **We Asked the Question**
  - How would public shareholders view USA Inc.?
- **What Have We Found?**
  - USA Inc.'s finances – short-term and long-term, income statement and balance sheet – are challenged. Management's policies have created incentives to invest in healthcare, housing, and current consumption rather than in productive capital, education, and technology – the tools needed to compete in the global marketplace.

Consequences of Inaction – Investor Perspective

- **Short Term, No Problem Yet**
  - Global bond investors, in part, have looked past USA Inc.'s deteriorating financials because growth, inflation, and Fed purchases matter more, and because income statements and balance sheets of many other developed countries (such as Greece / Spain / Portugal / Ireland) are worse.
- **Long Term, Consequences of Inaction Could Be Severe**
  - If USA Inc.'s "managers" and "board" continue to ignore rising unfunded entitlement spending, investors could eventually demand a higher return to lend money to USA Inc. – leading to rising bond yields / higher borrowing costs for USA Inc. At some point, USA Inc.'s currency could also weaken significantly.

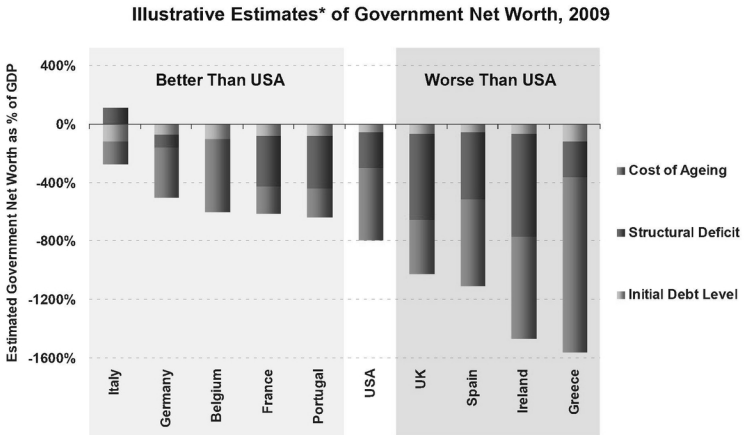
Source: Richard Berner, "America's Fiscal Train Wreck" (7/2/2009), Morgan Stanley Research.

For Perspective, USA Inc.'s 55% Public Debt as % of GDP (2009) is in Middle of Pack When Compared with 'Top 25' Global Peers, Though Rising to 90% 'Warning' Level*

Rank	Country	2009 Net Debt Outstanding ($B)	Y/Y	As % of World Total	Net Debt as % of GDP 2009	2005	05-09 Change	2009 GDP ($B)	Y/Y	As % of World Total	2009 Budget Surplus / Deficit ($B)	As % of World Gross Deficit	2009 Unemploy-ment Rate	Y/Y (pps)
1	Japan	$9,149	12%	26%	181%	162%	19%	$5,049	-5%	9%	-960	33%	5%	+1
2	Italy	2,434	0	7	116	106	11	2,090	-5	4	-0	--	8	+1
3	Greece	374	8	1	111	99	12	338	-2	1	-27	1	9	+2
4	Belgium	454	0	1	98	92	6	461	-3	1	-1	0	8	+1
5	France	2,028	5	6	77	66	11	2,635	-2	5	-105	4	9	+2
6	Germany	2,423	1	7	75	68	7	3,235	-5	6	-16	1	7	+0
7	Austria	263	2	1	70	64	6	374	-4	1	-5	0	5	+1
8	India	854	-3	2	69	80	-12	1,243	6	2	31	--	--	--
9	UK	1,444	3	4	66	42	24	2,198	-5	4	-49	2	7	+2
10	Canada	870	-5	3	66	70	-4	1,319	-3	2	44	--	8	+2
11	Netherlands	503	-1	1	64	52	12	790	-4	1	4	--	4	+1
12	Argentina	178	-7	1	59	59	0	301	1	1	14	--	--	--
13	USA	7,811	23	23	55	37	17	14,266	-2	25	-1,438	50	9	+3
14	Poland	223	-11	1	53	47	6	423	2	1	26	--	--	--
15	Spain	757	20	2	53	43	10	1,438	-4	2	-125	4	18	+7
16	Norway	187	-17	1	51	45	6	369	-2	1	38	--	3	+1
17	Sweden	175	-5	1	44	51	-7	398	-4	1	9	--	8	+2
18	Brazil	650	-6	2	44	44	0	1,482	0	3	40	--	--	--
19	Switzerland	212	5	1	44	53	-9	484	-1	1	-10	0	4	+1
20	Denmark	125	7	0	40	38	3	308	-5	1	-8	0	3	+2
21	Turkey	219	-14	1	37	52	-15	594	-5	1	36	--	--	--
22	Australia	309	-3	1	34	36	-3	920	1	2	8	--	6	+1
23	Venezuela	95	11	0	27	27	0	353	-3	1	-9	0	--	--
24	China	609	7	2	13	18	-5	4,758	9	8	-38	1	--	--
25	Russia	92	-15	0	7	14	-7	1,255	-8	2	17	--	--	--
	Top 1-25	$32,438	0%	94%	55%	52%	3%	$47,081	-3%	81%	$2,790	97%	7%	+1
	Global	34,632	8	100	68	66	2	57,937	-2	100	2,885	100	7	+2

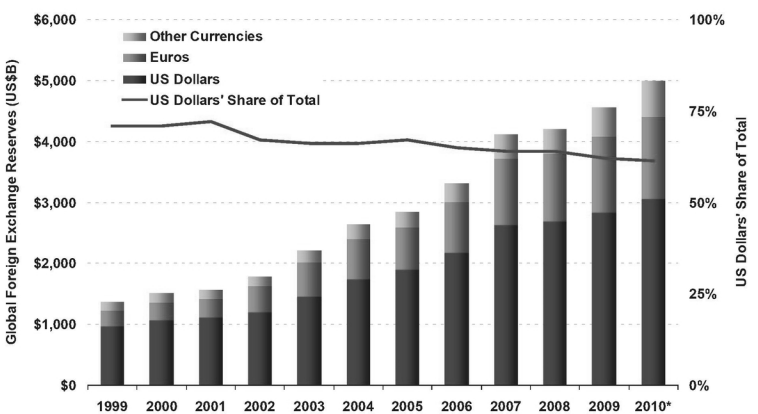
*Note: *Carmen Reinhart and Kenneth Rogoff observed from 3,700 historical annual data points from 44 countries that the relationship between government debt and real GDP growth is weak for debt/GDP ratios below a threshold of 90 percent of GDP. Above 90 percent, median growth rates fall by one percent, and average growth falls considerably more... We note that while Reinhart and Rogoff's observations are based on 'gross debt' data, in the U.S., debt held by the public is closer to the European countries' definition of government gross debt. For more information, see Reinhart and Rogoff, "Growth in a Time of Debt," 1/10. Pps is percentage points. Source: IMF, Business Intelligence Monitor .*

On a Net Worth Basis, USA Inc. Also Sits in Middle of Pack vs. Western European Peer Governments



*Note: *Estimates of government net worth depends heavily on underlying assumptions such as projections for GDP, demographics, policy changes, etc. Net worth estimates may differ from U.S. Dept. of Treasury's data (used in earlier slides). For more details on underlying assumptions, please refer to Morgan Stanley Research's Global Outlook piece "Sovereign Subjects: Ask Not Whether Governments Will Default, But How," 8/25/10. Source: Arnaud Mares, Morgan Stanley Research.*

Combined With US Dollar's Reserve Currency Status, Investors Still Prefer USA Inc.'s Debt, For Now



Note: 2010 data are preliminary and as of CQ3. Source: IMF.

However, in Longer Term, Credit Rating Agencies Have Begun to Worry About USA Inc.'s Debt Affordability

*On balance, we believe that the ratings of all large Aaa governments [including USA Inc.] remain well positioned, although their '**distance-to-downgrade' has in all cases substantially diminished**…Growth alone will not resolve an increasingly complicated debt equation…Preserving debt affordability at levels consistent with Aaa ratings will invariably require fiscal adjustments of a magnitude that, in some cases, will test social cohesion.* [1]

- Pierre Cailleteau

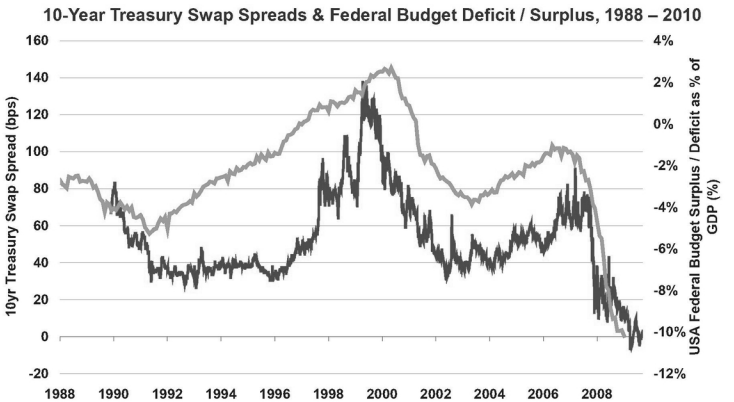
Managing Director of Sovereign Risk at Moody's, 3/16/2010

…if there are not offsetting measures to reverse the deterioration in negative fundamentals in the U.S., the likelihood of a negative outlook over the next two years will increase. [2]

Sarah Carlson,
Senior Analyst at Moody's, 1/14/2011

Sources: 1) Bloomberg, The New York Times; *2)* The Wall Street Journal

Treasury Swap Spread[1] Turned Negative For First Time in History[2] – Now Cheaper for Some Private Companies to Borrow than USA Government



Note: 1) Treasury swap spread = Treasury yield – swap rate (between bonds of comparable maturity); swap rate is the fixed interest rate that the buyer demands in exchange for the uncertainty of paying the short-term LIBOR (floating) rate over time; swap rates are generally higher than Treasury yields with corresponding maturities as they include incremental credit risk associated with the banks that provide swaps compared to Treasuries, which are viewed as risk-free. 2)10-year Treasury swap spread turned negative on 3/24/10, while 30-year Treasury swap spread turned negative in 10/08 and shorter-term Treasury swap spreads are still positive. Source: Bloomberg.

Financial Challenges for Countries are Not Uncommon

Of course, there are no exact precedents for the financial challenges faced by America and many other countries in the world today.

Yet a quick overview of a few government and corporate financial crises may illustrate how managements have addressed – or failed to address – the problems of their day.

History Doesn't Repeat Itself, But It Often Rhymes[1] – What Can We Learn From These Credit Crises?

Sovereign Credit Crisis	State / Local Financial Woes	Corporate Bankruptcy
2010 – Greece ($374B Debt Outstanding – 113% of GDP)	**1975 – New York City ($14B* Debt Outstanding)**	**2009 – General Motors ($95B Debt Outstanding)**
2009 – Dubai ($26B – 32% of GDP)		
2001 – Argentina ($132B – 130% of GDP)		
1998 – Russia ($73B – 27% of GDP)		

*Note: 1) Attributed to Mark Twain. *NYC government and subsidiaries had $14B debt outstanding in 1975. Adjusting for inflation, $14B of 1975 dollars would have been ~$50B in today's dollars. Source: sovereign data points per IMF and World Bank. NYC data point per California Research Bureau "Overview of New York City's Fiscal Crisis," 3/1/1995.*

Simple Pattern Recognition From Historical Debt Crisis Reveal Common Drivers (Leverage & Entitlements) + Triggers

	Year of Crisis	Debt Restructured		Long-Term Drivers	Short-Term Triggers	Key Stakeholders
		Amount	% of GDP			
Greece	2010	$374B	113%	Rising Underfunded Entitlement Spending	Financial Crisis	International Bond Investors
Dubai	2009	26B	32	Leveraged Construction / Real Estate Bubble	Financial Crisis	International Bond Investors
Argentina	2001	132B	130	Rising Underfunded Entitlement Spending + Currency Peg	Financial Crisis	International Bond Investors
Russia	1998	73B	27	Declining Productivity + Currency Peg	Financial Crisis	International Bond Investors
New York City	1975	14B[1]	--	Rising Underfunded Entitlement Spending	Recession	Bond Investors + Federal Government

Note: 1) NYC government and subsidiaries had $14B debt outstanding in 1975. Adjusting for inflation, $14B of 1975 dollars would have been ~$50B in today's dollars. Source: sovereign data points per IMF and World Bank. NYC data point per California Research Bureau "Overview of New York City's Fiscal Crisis," 3/1/1995.

Lessons Learned: Historical Debt Crisis

- **Rising Unfunded Entitlement Spending = Often a Long-Term Driver of Debt Crisis**
  - Countries such as Greece / Argentina and cities such as New York all nearly brought down by unfunded entitlement spending.
- **Financial Crisis / Economic Downturn = Often the Short-Term Trigger of Debt Crisis**
  - All cases had similar short-term triggers.
- **External Forces = Often Key Stakeholders in Crisis & Driving Ensuing Changes**
  - Most sovereign credit crises + ensuing reforms were driven by loss of confidence of international bond investors.
  - New York City's near default was driven by demands from bond holders + refusal of bailout from federal government.

While High Government Debt Levels Could Hasten Economic Recovery Post Recession, There Are Many Long-Term Negative Consequences

- **Crowding Out Investment ➔ Lower Output & Income**
  - A growing portion of people's savings would be diverted to purchase government debt rather than toward investment in productive capital goods.
- **Higher Interest Payments ➔ Higher Tax Rates & Lower Output & Income**
  - Government may be forced to raise marginal tax rates and / or reduce spending on other programs to meet interest payments.
- **Reduced Ability to Borrow ➔ Less Policy Flexibility**
  - In case of economic downturns or international crises, government may not be able to raise substantially more debt.
- **Increased Chance of Sudden Fiscal Crisis ➔ Social / Economic Disruption**
  - Investors may lose confidence in government's ability to repay debt & interest without causing inflation.

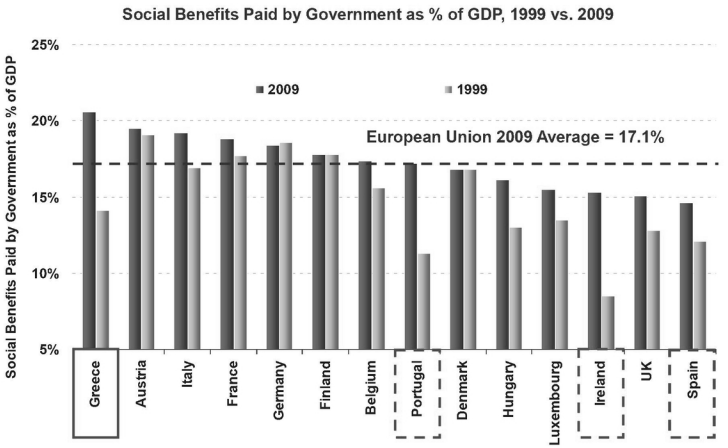
Source: Congressional Budget Office, "Federal Debt and the Risk of a Fiscal Crisis." 7/10.

Lessons Learned: For Countries Burdened by High Debt Levels, Austerity Measures are Necessary

	2009 Deficit as % of GDP	Gross Debt as % of GDP	2009-2010 Austerity Measures	New Revenue Streams
Greece	**14%**	113%	• Wage freeze & bonus cut of 14% on all public sector employees • Reduction in government contract workers • 11% reduction in pensions & Increase in retirement age to 65 from 58	• Joint IMF–EU bailout of $146B • Tax increases for VAT (+2%) / fuel / alcohol / cigarette (+10%) • Clamp down on tax evasion
Ireland	**11%**	66%	• 5-15% pay cut & 4% benefit reduction for all public sector employees • $1.5B+ broad spending cuts in healthcare & infrastructure	• Carbon tax on fuel • 1% tax rise on personal income about 120K euros
Spain	**11%**	54%	• Hiring freeze for public sectors • Increase of retirement age to 67 from 60 • Total budget cut of $70B 10-13E	• Sold $7B in new bonds
Portugal	**9%**	78%	• Wage freeze on all public sector employees • Reduce state payroll via attrition	• 50% bonus tax on top bank executives • Privatize state-owned industries

Source: Eurostat, European Commission, IMF, New York Times, Financial Times, BBC, Wall Street Journal.

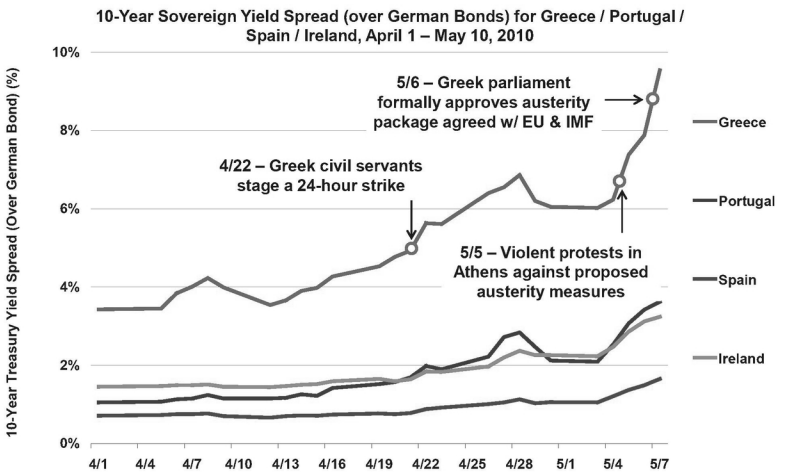
European Countries (including Greece, Portugal, Ireland and Spain) Have Committed A Rising Share of GDP to 'Social Benefits' Over Past Decade



Source: Eurostat. 'Social Benefits' include both social insurance (comparable to Social Security and Medicare) and social assistance benefits (comparable to Medicaid) provided by government units as well as all social insurance benefits provided under private funded and unfunded social insurance schemes, whether in cash or in kind.

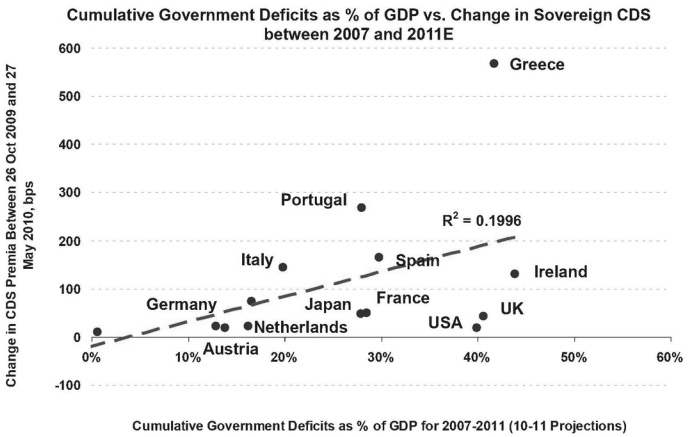
Austerity Measures to Take Away Entitlement Benefits Could Spark a Vicious Cycle

Social Unrest Can Shake Investor Confidence And Contagion Can Spread



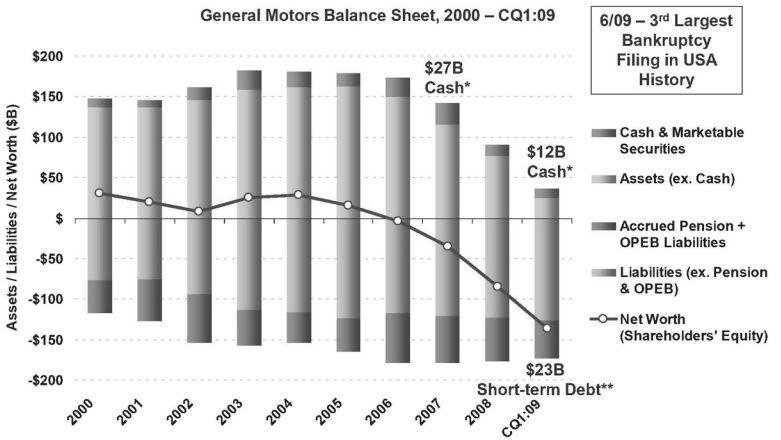
Source: FactSet.

Government Deficits and Changes in Sovereign Credit Default Swap Rates = Positively Correlated



Sources: OECD; Markit; National Data

When Corporations Like General Motors Run Out of Cash, Eventually They File for Bankruptcy



*Note: *Includes cash & equivalents, as well as marketable securities; **short-term debt also includes current portion of long-term debt. Source: General Motors.*

General Motors – Entitlement Spending Became Too Onerous for this Great American Company

1908 – Founded in Flint, Michigan to manufacture automobiles

1954 – Shipped 50 millionth automobile

1988 – Free cash flow peaked at $6.3B

1999 – Reached a peak market capitalization of $61B

2006 – Revenue peaked at $207B

2009 – Filed for bankruptcy

Why did GM file for bankruptcy?

Products became increasingly uncompetitive. In addition, pension plans to support 650,000 retirees and their dependents (compared with 80,000 active employees in N. America as of 2010) rose to 4.8% of GM's annual expenses and $4,679 in annual pension payments per worker to former workers.

Source: General Motors, FactSet, DataStream, History News Network.

Comparing GM & USA, Inc…

	USA 2010	General Motors 2008	
Gross Debt as % of GDP	93%	82%	Gross Debt as % of Revenue[1]
Federal Spending as % of GDP	24	114	Total Cost as % of Revenue
Federal Budget Surplus as % of GDP	-9	-21	Net Income as % of Revenue
Interest Payments as % of GDP	1	2	Interest Payments as % of Revenue
% of Citizens Receiving Government Subsidy or on Government Payroll	36	75	% of Total GM Population[2] Dependent on the company

Note: 1) Gross debt of GM calculated as total liabilities – future OPEB & pension liabilities, as these liabilities are not reflected in USA gross debt. 2) % of total GM population dependent on the company = all living retirees / (living retirees + current workers). Source: White House Office of Management and Budget, OECD, Heritage Foundation, General Motors.

…Good News for GM Is It Has 'Taken Its Medicine' and Has Begun to Implement a Successful Turnaround

Basic Framework of GM Turnaround:

- **Focus on Expenses**
  - Eliminated some of the legacy entitlements - swapped employee healthcare for equity ownership.
  - Significantly changed operating efficiency - took out costs so that GM was able to operate at breakeven at bottom of the cycle and turn cash flow positive during other parts of its business cycle.
- **Focus on Revenue**
  - Changed business model to move away from lowering cost to improving vehicle quality, engineering and styling.

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Summary

Highlights from F2010 USA Inc. Financials

- **Summary –** USA Inc. has challenges.
- **Cash Flow –** While recession depressed F2008-F2010 results, cash flow has been negative for 9 consecutive years ($4.8 trillion, cumulative), with no end to losses in sight. Negative cash flow implies that USA Inc. can't afford the services it is providing to 'customers,' many of whom are people with few alternatives.
- **Balance Sheet –** Net worth is negative and deteriorating.
- **Off-Balance Sheet Liabilities –** Off-balance sheet liabilities of at least $31 trillion (primarily unfunded Medicare and Social Security obligations) amount to nearly $3 for every $1 of debt on the books. Just as unfunded corporate pensions and other post-employment benefits (OPEB) weigh on public corporations, unfunded entitlements, over time, may increase USA Inc.'s cost of capital. And today's off-balance sheet liabilities will be tomorrow's on-balance sheet debt.
- **Conclusion –** Publicly traded companies with similar financial trends would be pressed by shareholders to pursue a turnaround. The good news: USA Inc.'s underlying asset base and entrepreneurial culture are strong. The financial trends can shift toward a positive direction, but both 'management' and 'shareholders' will need collective focus, willpower, commitment, and sacrifice.

Note: USA federal fiscal year ends in September; Cash flow = total revenue – total spending on a cash basis; net worth includes unfunded future liabilities from Social Security and Medicare on an accrual basis over the next 75 years. Source: cash flow per White House Office of Management and Budget; net worth per Dept. of Treasury, "2010 Financial Report of the U.S. Government," adjusted to include unfunded liabilities of Social Security and Medicare.

Drilldown on USA Inc. Financials…

- **To analysts looking at USA Inc. as a public corporation, the financials are challenged**
  - Excluding Medicare / Medicaid spending and one-time charges, USA Inc. has supported a 4% average net margin[1] over 15 years, but cash flow is deep in the red by negative $1.3 trillion last year (or -$11,000 per household), and net worth[2] is negative $44 trillion (or -$371,000 per household).
- **The main culprits: entitlement programs, mounting debt, and one-time charges**
  - Since the Great Depression, USA Inc. has steadily added "business lines" and, with the best of intentions, created various entitlement programs. Some of these serve the nation's poorest, whose struggles have been made worse by the financial crisis. Apart from Social Security and unemployment insurance, however, funding for these programs has been woefully inadequate – and getting worse.
  - Entitlement expenses (adjusted for inflation) rose 70% over the last 15 years, and USA Inc. entitlement spending now equals $16,600 per household per year; annual spending exceeds dedicated funding by more than $1 trillion (and rising). Net debt levels are approaching warning levels, and one-time charges only compound the problem.
  - Some consider defense spending a major cause of USA Inc.'s financial dilemma. Re-setting priorities and streamlining could yield savings – $788 billion by 2018, according to one recent study[3] – perhaps without damaging security. But entitlement spending has a bigger impact on USA Inc. financials. Although defense nearly doubled in the last decade, to 5% of GDP, it is still below its 7% share of GDP from 1948 to 2000. It accounted for 20% of the budget in 2010, but 41% of all government spending between 1789 and 1930.

Note: 1) Net margin defined as net income divided by total revenue; 2) net worth defined as assets (ex. stewardship assets like national parks and heritage assets like the Washington Monument) minus liabilities minus the net present value of unfunded entitlements (such as Social Security and Medicare), data per Treasury Dept.'s "2010 Annual Report on the U.S. Government"; 3) Gordon Adams and Matthew Leatherman, "A Leaner and Meaner National Defense," Foreign Affairs, *Jan/Feb 2011)*

…Drilldown on USA Inc. Financials…

- **Medicare and Medicaid, largely underfunded (based on 'dedicated' revenue) and growing rapidly, accounted for 21% (or $724B) of USA Inc.'s total expenses in F2010, up from 5% forty years ago**
  - Together, these two programs represent 35% of all (annual) US healthcare spending; Federal Medicaid spending has doubled in real terms over the last decade, to $273 billion annually.
- **Total government healthcare spending consumes 8.2% of GDP compared with just 1.3% fifty years ago; the new health reform law could increase USA Inc.'s budget deficit**
  - As government healthcare spending expands, USA Inc.'s red ink will get much worse if healthcare costs continue growing 2 percentage points faster than per capita income (as they have for 40 years).
- **Unemployment Insurance and Social Security are adequately funded...for now. The future, not so bright**
  - Demographic trends have exacerbated the funding problems for Medicare and Social Security – of the 102 million increased enrollment between 1965 and 2009, 42 million (or 41%) is due to an aging population. With a 26% longer life expectancy but a 3% increase in retirement age (since Social Security was created in 1935), deficits from Social Security could add $11.6 trillion (or 140%) to the public debt by 2037E, per Congressional Budget Office (CBO).

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…Drilldown on USA Inc. Financials

- **If entitlement programs are not reformed, USA Inc.'s balance sheet will go from bad to worse**
  - Public debt has doubled over the last 30 years, to 62% of GDP. This ratio is expected to surpass the 90% threshold* – above which real GDP growth could slow considerably – in 10 years and could near 150% of GDP in 20 years if entitlement expenses continue to soar, per CBO.
  - As government healthcare spending expands, USA Inc.'s red ink will get much worse if healthcare costs continue growing 2 percentage points faster than per capita income (as they have for 40 years).
- **The turning point: Within 15 years (by 2025), entitlements plus net interest expenses will absorb all – yes, all – of USA Inc.'s annual revenue, per CBO**
  - That would require USA Inc. to borrow funds for defense, education, infrastructure, and R&D spending, which today account for 32% of USA Inc. spending (excluding one-time items), down dramatically from 69% forty years ago.
  - It's notable that CBO's projection from 10 years ago (in 1999) showed Federal revenue sufficient to support entitlement spending + interest payments until 2060E – 35 years later than current projection.

*Note: *Carmen Reinhart and Kenneth Rogoff observed from 3,700 historical annual data points from 44 countries that the relationship between government debt and real GDP growth is weak for debt/GDP ratios below a threshold of 90 percent of GDP. Above 90 percent, median growth rates fall by one percent, and average growth falls considerably more. We note that while Reinhart and Rogoff's observations are based on 'gross debt' data, in the U.S., debt held by the public is closer to the European countries' definition of government gross debt. For more information, see Reinhart and Rogoff, "Growth in a Time of Debt," 1/10.*

How Might One Think About Turning Around USA Inc.?...

- **Key focus areas would likely be reducing USA Inc.'s budget deficit and improving / restructuring the 'business model'…**
  - One would likely drill down on USA Inc.'s key revenue and expense drivers, then develop a basic analytical framework for 'normal' revenue / expenses, then compare options.

Looking at history…

  - Annual growth in revenue of 3% has been roughly in line with GDP for 40 years* while corporate income taxes grew at 2%. Social insurance taxes (for Social Security / Medicare) grew 5% annually and now represent 37% of USA Inc. revenue, compared with 19% in 1965.
  - Annual growth in expenses of 3% has been roughly in line with revenue, but entitlements are up 5% per annum - and now absorb 51% of all USA Inc.'s expense - more than twice their share in 1965; defense and other discretionary spending growth has been just 1-2%.

One might ask…

  - Should expense and revenue levels be re-thought and re-set so USA Inc. operates near break-even and expense growth (with needed puts and takes) matches GDP growth, thus adopting a 'don't spend more than you earn' approach to managing USA Inc.'s financials?

*Note: *We chose a 40-year period from 1965 to 2005 to examine 'normal' levels of revenue and expenses. We did not choose the most recent 40-year period (1969 to 2009) as USA was in deep recession in 2008 / 2009 and underwent significant tax policy fluctuations in 1968 /1969, so many metrics (like individual income and corporate profit) varied significantly from 'normal' levels.*

…How Might One Think About Turning Around USA Inc.?

One might consider…

- **Options for reducing expenses by focusing on entitlement reform and operating efficiency**
  - Formula changes could help Social Security's underfunding, but look too draconian for Medicare/Medicaid; the underlying healthcare cost dilemma requires business process restructuring and realigned incentives.
  - Resuming the 20-year trend line for lower Federal civilian employment, plus more flexible compensation systems and selective local outsourcing, could help streamline USA Inc.'s operations.
- **Options for increasing revenue by focusing on driving long-term GDP growth and changing tax policies**
  - USA Inc. should examine ways to invest in growth that provides a high return (ROI) via new investment in technology, education, and infrastructure and could stimulate productivity gains and employment growth.
  - Reducing tax subsidies (like exemptions on mortgage interest payments or healthcare benefits) and changing the tax system in other ways could increase USA Inc.'s revenue without raising income taxes to punitive – and self-defeating – levels. Such tax policy changes could help re-balance USA's economy between consumption and savings and re-orient business lines towards investment-led growth, though there are potential risks and drawbacks.
- **History suggests the long-term consequences of inaction could be severe**
  - USA Inc. has many assets, but it must start addressing its spending/debt challenges now.

Sizing Costs Related to USA Inc.'s Key Financial Challenges & Potential AND / OR Solutions

- **To create frameworks for discussion, the next slide summarizes USA Inc.'s various financial challenges and the projected future cost of each main expense driver.**
  - The estimated future cost is calculated as the net present value of expected 'dedicated' future income (such as payroll taxes) minus expected future expenses (such as benefits paid) over the next 75 years.
- **Then we ask the question: 'What can we do to solve these financial challenges?'**
  - The potential solutions include a range of simple *mathematical illustrations* (such as changing program characteristics or increasing tax rates) and/or *program-specific policy solutions* proposed or considered by lawmakers and agencies like the CBO (such as indexing Social Security initial benefits to growth in cost of living).
- **These mathematical illustrations are only a mechanical answer to key financial challenges and not realistic solutions. In reality, a combination of detailed policy changes will likely be required to bridge the future funding gap.**

Overview of USA Inc.'s Key Financial Challenges & Potential and/or Solutions

Rank	Financial Challenge	Net Present Cost[1] ($T / % of 2010 GDP)	Mathematical Illustrations and/or Potential Policy Solutions[2]
1	Medicaid	$35 Trillion[3] / 239%	• Isolate and address the drivers of medical cost inflation • Improve efficiency / productivity of healthcare system • Reduce coverage for optional benefits & optional enrollees
2	Medicare	$23 Trillion / 156%	• Reduce benefits • Increase Medicare tax rate • Isolate and address the drivers of medical cost inflation • Improve efficiency / productivity of healthcare system
3	Social Security	$8 Trillion / 54%	• Raise retirement age • Reduce benefits • Increase Social Security tax rate • Reduce future initial benefits by indexing to cost of living growth rather than wage growth • Subject benefits to means test to determine eligibility
4	Slow GDP / USA Revenue Growth	--	• Invest in technology / infrastructure / education • Remove tax & regulatory uncertainties to stimulate employment growth • Reduce subsidies and tax expenditures & broaden tax base
5	Government Inefficiencies	--	• Resume the 20-year trend line for lower Federal civilian employment • Implement more flexible compensation systems • Consolidate / selectively local outsource certain functions

Note: 1) Net Present Cost is calculated as the present value of expected future net liabilities (expected revenue minus expected costs) for each program / issue over the next 75 years, Medicare estimate per Dept. of Treasury, "2010 Financial Report of the U.S. Government," Social Security estimate per Social Security Trustees' Report (8/10). 2) For more details on potential solutions, see slides 252-410 or full USA Inc. presentation. 3) Medicaid does not have dedicated revenue source and its $35T net present cost excludes funding from general tax revenue, NPV analysis based on 3% discount rate applied to CBO's projection for annual inflation-adjusted expenses.

The Essence of America's Financial Conundrum & Math Problem?

While a hefty 80% of Americans indicate balancing the budget should be one of the country's top priorities, per a Peter G. Peterson Foundation survey in 11/09…

…only 12% of Americans support cutting spending on Medicare or Social Security, per a Pew Research Center survey, 2/11.

Some might call this 'having your cake and eating it too…'

The Challenge Before Us

Policymakers, businesses and citizens need to share responsibility for past failures and develop a plan for future successes.

Past generations of Americans have responded to major challenges with collective sacrifice and hard work.

Will ours also rise to the occasion?

Current Observations About America…

- **On many fronts, USA Inc. is in great shape, but it has one big problem – USA Inc. spends too much and, in effect, is maxing out its credit card. USA Inc. must address the problem.**
- In 2009, 64% of America's revenue went to Social Security, Medicare & Medicaid, compared with 31% in 1980 and 20% in 1970.
- Using current projections, 100% of America's revenue in 2025 will go to Social Security, Medicare, Medicaid and Net Interest Expense.
- This raises the question, 'How will America pay for the likes of education, national defense, homeland security, infrastructure improvement, R&D, law enforcement, postal service, etc.?'
- **USA Inc.'s fundamental tradeoff is that it must balance its FUTURE (education) with its PRESENT (national defense & homeland security) and its PAST (Social Security & Medicare & Medicaid).**

Source: 2009 data per White House OMB, 2025 forecast per CBO's Alternative Fiscal Scenario.

…Current Observations About America

- **It's Time to Rise to the Occasion, It's America's Tradition…**
- The essence of the 'American dream' is about the underdog succeeding / the turnaround story…every generation or so has an opportunity to rise to an occasion (and sacrifice) and show why America (and its democratic form of government) are great. For this generation, the biggest challenge may be staving off financial hardship.
- **Collective Sacrifice and Hard Work are the Two Inter-Related Ways out of USA Inc.'s Problems…**

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Appendix

Appendix

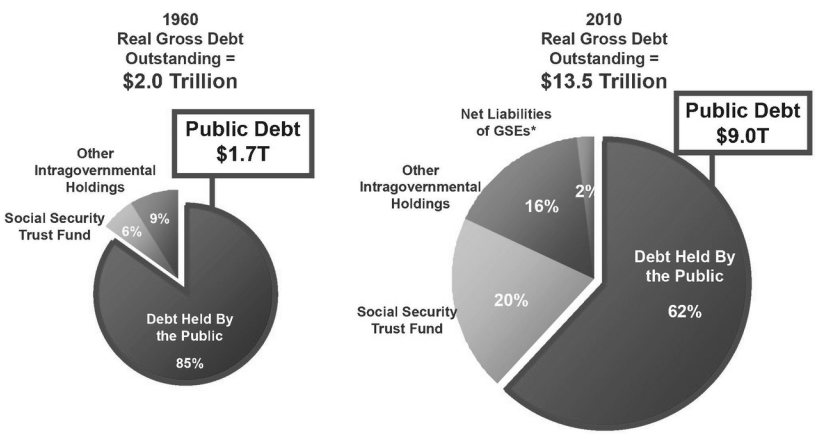
Additional Datapoints on Federal Debt

Federal Debt Held by the Public vs. Gross Debt

- **Federal Debt Held by the Public ($9 Trillion Outstanding, 62% of GDP in 2010)**
  - Value of all federal securities sold to the public that are still outstanding.
  - Represents the cumulative effect of past federal borrowing on **today**'s economy and on the **current** federal budget.
  - Net interest payments represent a burden on **current** taxpayers.
- **Gross Debt ($14 Trillion Outstanding, 94% of GDP in 2010)**
  - Public debt + intragovernmental debt (related to entities including the Social Security Trust Fund and federal employee / veterans' pension fund) + net liability of GSEs (related to likes of Fannie Mae and Freddie Mac).
  - Represents a claim on both **current** and **future** resources.
- **We Focus on Public Debt Levels**
  - Public debt is the base for calculating net interest payments.
  - Gross debt level could be misleading (to take an extreme example, simply eliminating all trust funds without changing promised benefits for the associated programs would dramatically reduce gross debt from 94% of GDP to 62% of GDP without improving long-term fiscal outlook at all*).
  - In the future, when intragovernmental debt + net liability of GSEs begin demanding repayments, it is likely financed via material increases in public debt levels.

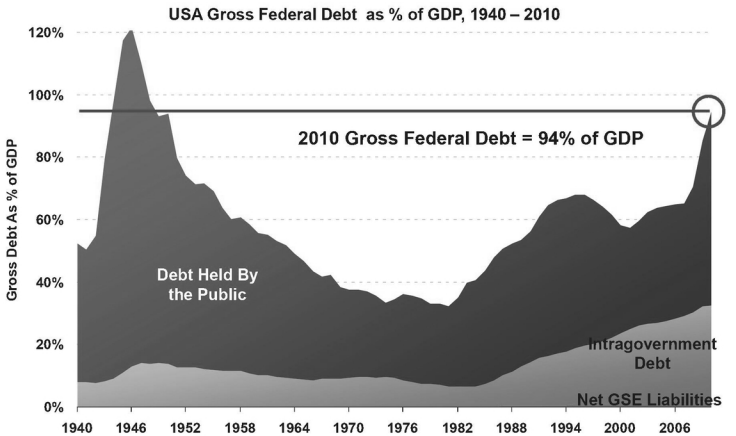
*Note: *for more details, see James R. Horney, "Recommendation That President's Fiscal Commission Focus on Gross Debt is Misguided," 5/27/10. Data source: White House OMB, CBO.*

Public Debt = Gross Debt – Intra-Governmental Holdings – Net Liabilities of Government-Sponsored Enterprises (GSEs)



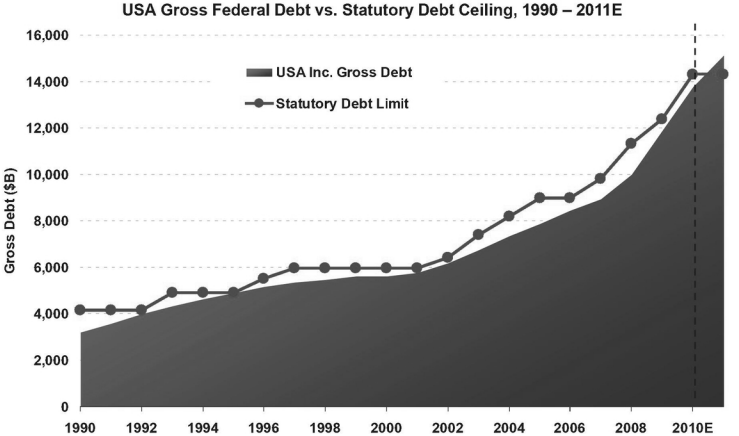
Note: Data are inflation adjusted. Net liabilities of GSEs assumes 50% loss ratio on $250B delinquent loans held by Fannie Mae / Freddie Mac. Data source: Dept. of Treasury, White House Office of Management and Budget.*

Gross Debt Level = Approaching 100% of GDP



Source: White House OMB.

Gross Debt Level = Would Exceed Current Statutory Limit of $1.43T* Within One Year



*Note: * As of 1/11. Source: White House OMB.*

'Top 75' Countries Ranked by **Net Debt as % of GDP**…

Rank	Country	2009 Net Debt Outstanding ($B)	Y/Y	As % of World Total	Net Debt as % of GDP 2009	2005	05-09 Change	2009 GDP ($B)	Y/Y	As % of World Total	2009 Budget Surplus / Deficit ($B)	As % of World Gross Deficit	2009 Unemploy-ment Rate	Y/Y (pps)
1	Zimbabwe	$7	13%	0%	190%	--	--	$4	4%	0%	-$1	0%	--	--
2	Japan	9,149	12	26	181	162	19	5,049	-5	9	-960	33	5%	+1
3	Italy	2,434	0	7	116	106	11	2,090	-5	4	-0	--	8	+1
4	Singapore	186	3	1	114	99	15	163	-2	0	-5	0	3	+1
5	Greece	374	8	1	111	99	12	338	-2	1	-27	1	9	+2
6	Egypt	198	16	1	105	--	--	188	5	0	-27	1	--	--
7	Belgium	454	0	1	98	92	6	461	-3	1	-1	0	8	+1
8	Sudan	53	-6	0	97	--	--	54	5	0	4	--	--	--
9	Hungary	104	-8	0	84	62	22	124	-6	0	9	--	--	--
10	Cote d'Ivoire	19	-3	0	81	--	--	23	--	0	0	--	--	--
11	France	2,028	5	6	77	66	11	2,635	-2	5	-105	4	9	+2
12	Portugal	167	3	0	76	63	13	220	-3	0	-6	0	9	+2
13	Germany	2,423	1	7	75	68	7	3,235	-5	6	-16	1	7	0
14	Austria	263	2	1	70	64	6	374	-4	1	-5	0	5	+1
15	India	854	-3	2	69	80	-12	1,243	6	2	31	--	--	--
16	Uruguay	21	-2	0	67	67	0	32	3	0	0	--	--	--
17	UK	1,444	3	4	66	42	24	2,198	-5	4	-49	2	7	+2
18	Canada	870	-5	3	66	70	-4	1,319	-3	2	44	--	8	+2
19	Netherlands	503	-1	1	64	52	12	790	-4	1	4	--	4	+1
20	Morocco	58	2	0	64	--	--	91	5	0	-1	0	--	--
21	Ireland	140	19	0	62	27	34	227	-7	0	-23	1	12	+6
22	Albania	7	-3	0	60	57	3	12	3	0	0	--	--	--
23	Argentina	178	-7	1	59	59	0	301	1	1	14	--	--	--
24	Philippines	93	-2	0	59	71	-13	159	1	0	2	--	--	--
25	USA	7,811	23	23	55	37	17	14,266	-2	25	-1,438	50	9	+3
	Top 1-25	$29,836	1%	86%	75%	67%	8%	$35,595	-2%	61%	$2,662	92%	8%	1
	Global	34,632	8	100	68	66	2	57,937	-2	100	2,886	100	7	2

Source: IMF, Business Intelligence Monitor .

…'Top 75' Countries Ranked by **Net Debt as % of GDP**…

Rank	Country	2009 Net Debt Outstanding ($B)	Y/Y	As % of World Total	Net Debt as % of GDP 2009	2005	05-09 Change	2009 GDP ($B)	Y/Y	As % of World Total	2009 Budget Surplus / Deficit ($B)	As % of World Gross Deficit	2009 Unemploy-ment Rate	Y/Y (pps)
26	Tunisia	$22	-3%	0%	55%	55	0	$40	3%	0%	1	0	--	--
27	Ethiopia	18	29	0	55	--	--	34	10	0	-4	0	--	--
28	Colombia	123	-5	0	54	54	0	229	0	0	7	--	--	--
29	Cyprus	12	2	0	54	68	-14	23	-2	0	-0	--	5	+2
30	Poland	223	-11	1	53	47	6	423	2	1	26	--	--	--
31	Spain	757	20	2	53	43	10	1,438	-4	2	-125	4	18	+7
32	Kenya	15	2	0	51	--	--	30	2	0	-0	0	--	--
33	Norway	187	-17	1	51	45	6	369	-2	1	38	--	3	+1
34	Ghana	7	-11	0	48	--	--	15	4	0	1	--	--	--
35	Bolivia	8	6	0	46	46	0	18	3	0	-0	--	--	--
36	Sweden	175	-5	1	44	51	-7	398	-4	1	9	--	8	+2
37	Brazil	650	-6	2	44	44	0	1,482	0	3	40	--	--	--
38	Switzerland	212	5	1	44	53	-9	484	-1	1	-10	0	4	+1
39	Latvia	10	56	0	43	12	30	24	-18	0	-4	0	--	--
40	Malawi	2	15	0	42	--	--	5	8	0	-0	0	--	--
41	Malaysia	84	0	0	41	44	-3	207	-2	0	0	--	--	--
42	Denmark	125	7	0	40	38	3	308	-5	1	-8	0	3	+2
43	Gabon	4	-25	0	38	--	--	11	-1	0	1	--	--	--
44	Finland	91	-2	0	37	42	-4	242	-8	0	2	--	8	+2
45	Turkey	219	-14	1	37	52	-15	594	-5	1	36	--	--	--
46	Czech Republic	68	6	0	36	30	6	190	-4	0	-4	0	7	+2
47	Slovenia	17	43	0	35	27	8	50	-7	0	-5	0	6	+2
48	Slovakia	30	10	0	34	44	-10	88	-5	0	-3	0	--	--
49	Croatia	21	-5	0	34	38	-5	62	-6	0	1	--	--	--
50	Australia	309	-3	1	34	36	-3	920	1	2	8	--	6	+1
	Top 26-50	$3,392	0%	10%	44%	44%	0%	$7,682	-2%	13%	$164	6%	6%	2
	Global	34,632	8	100	68	66	2	57,937	-2	100	2,886	100	7	2

Source: IMF, Business Intelligence Monitor.

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…'Top 75' Countries Ranked by **Net Debt as % of GDP**

Rank	Country	2009 Net Debt Outstanding ($B)	Y/Y	As % of World Total	Net Debt as % of GDP 2009	2005	05-09 Change	2009 GDP ($B)	Y/Y	As % of World Total	2009 Budget Surplus / Deficit ($B)	As % of World Gross Deficit	2009 Unemploy-ment Rate	Y/Y (pps)
51	Zambia	$4	-16%	0%	32%	32	--	$12	6%	0%	1	--	--	--
52	Macedonia	3	1	0	31	47	-16	9	--	0	-0	0	--	--
53	Ecuador	17	2	0	30	30	0	56	0	0	-0	0	--	--
54	Lithuania	11	45	0	30	18	11	36	-15	0	-3	0	--	--
55	Peru	37	0	0	29	29	0	127	1	0	0	--	--	--
56	South Africa	78	0	0	28	--	--	277	-2	0	-0	0	--	--
57	Paraguay	4	-15	0	27	27	0	14	-5	0	1	--	--	--
58	**Venezuela**	**95**	**11**	**0**	**27**	**27**	**0**	**353**	**-3**	**1**	**-9**	**0**	**--**	**--**
59	New Zealand	29	-10	0	26	27	-1	110	-2	0	3	--	6	+2
60	Thailand	64	1	0	24	26	-2	266	-2	0	-0	0	--	--
61	Namibia	2	2	0	24	--	--	9	-1	0	-0	--	--	--
62	Tanzania	5	7	0	24	--	--	22	5	0	-0	0	--	--
63	Senegal	3	-6	0	23	--	--	13	2	0	0	--	--	--
64	Mozambique	2	-2	0	22	--	--	10	6	0	0	--	--	--
65	Romania	35	29	0	22	16	6	161	-7	0	-8	0	--	--
66	Uganda	3	8	0	21	--	--	16	7	0	-0	0	--	--
67	Bulgaria	7	-4	0	15	29	-14	45	-5	0	0	--	--	--
68	Nigeria	24	-20	0	15	--	--	165	6	0	6	--	--	--
69	Angola	10	-18	0	15	--	--	70	0	0	2	--	--	--
70	Cameroon	3	-8	0	14	--	--	22	2	0	0	--	--	--
71	**China**	**609**	**7**	**2**	**13**	**18**	**-5**	**4,758**	**9**	**8**	**-38**	**1**	**--**	**--**
72	Kazakhstan	11	3	0	11	--	--	107	1	0	-0	0	--	--
73	Algeria	13	-16	0	10	--	--	135	2	0	2	--	--	--
74	**Russia**	**92**	**-15**	**0**	**7**	**14**	**-7**	**1,255**	**-8**	**2**	**17**	**--**	**--**	**--**
75	Estonia	1	15	0	7	5	2	18	-14	0	-0	0	--	--
	Top 51-75	**$1,163**	**0%**	**3%**	**23%**	**27%**	**-4%**	**$8,064**	**0%**	**14%**	**$60**	**2%**	**6%**	**2**
	Global	**34,632**	**8**	**100**	**68**	**66**	**2**	**57,937**	**-2**	**100**	**2,886**	**100**	**7**	**2**

Note: China's net debt may be under-reported as it excludes potential liabilities from bad loans of state-owned banks.
Source: IMF, Business Intelligence Monitor.

OECD Countries Ranked by **Gross Debt as % of GDP**

Rank	Country	2009 Gross Debt Outstanding ($B)	Y/Y	As % of OECD Total	Gross Debt as % of GDP 2009	2005	05-09 Change	2009 GDP ($B)	Y/Y	As % of OECD Total
1	Japan	$974	14%	27%	193%	175%	18%	$5,049	-5%	13%
2	Italy	269	1	7	129	120	9	2,090	-5	5
3	Iceland	1	-8	0	123	53	70	12	-28	0
4	Greece	40	8	1	119	114	5	338	-2	1
5	Belgium	47	-1	1	101	96	5	461	-3	1
6	Portugal	19	4	1	87	74	13	220	-3	1
7	France	227	5	6	86	76	11	2,635	-2	7
8	Hungary	10	-13	0	84	69	16	124	-6	0
9	USA	1,184	17	32	83	61	22	14,266	-2	36
10	Canada	109	4	3	82	72	11	1,319	-3	3
11	Germany	247	-2	7	76	71	5	3,235	-5	8
12	UK	159	4	4	72	46	26	2,198	-5	6
13	Austria	26	-4	1	70	71	-1	374	-4	1
14	Ireland	16	23	0	70	33	38	227	-7	1
15	Netherlands	54	-6	1	69	61	7	790	-4	2
16	Spain	90	18	2	63	51	12	1,438	-4	4
17	Poland	25	-14	1	58	55	4	423	2	1
18	Finland	13	15	0	53	48	4	242	-8	1
19	Denmark	16	11	0	52	46	6	308	-5	1
20	Sweden	21	-8	1	52	60	-8	398	-4	1
21	Norway	18	-28	0	49	49	0	369	-2	1
22	Czech Republic	8	2	0	42	34	8	190	-4	0
23	Switzerland	20	-5	1	42	56	-15	484	-1	1
24	Slovakia	3	17	0	39	38	1	88	-5	0
25	New Zealand	4	3	0	35	27	8	110	-2	0
26	Korea	29	-3	1	35	27	8	833	-11	2
27	Australia	18	28	0	19	16	3	920	1	2
28	Luxembourg	1	-5	0	18	8	11	52	-11	0
	OECD Total	**$3,648**	**9%**	**100%**	**90%**	**76%**	**14%**	**$39,261**	**-4%**	**100%**

Note: Data for Slovenia and Estonia not available. Data may differ from Eurostat / national government figures. Gross debt data are not always comparable across countries due to different definitions or treatment of debt components. Notably, USA and Australia gross debt include the funded portion of government employee pension liabilities, which overstates their debt levels relative to other countries. Source: OECD.

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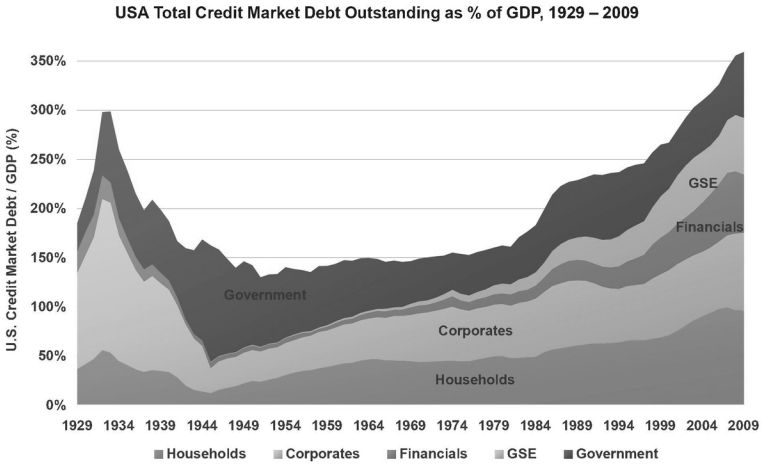
Total Government + Private Debt in USA – At Historic High of 360% of GDP



Source: Dept. of Treasury, Federal Reserve.

Appendix

Useful Links

Appendix – Useful Links

- Congressional Budget Office, "The Long-Term Budget Outlook," 6/2010 http://cbo.gov/doc.cfm?index=11579
- Congressional Budget Office, "Budget and Economic Outlook, Fiscal Years 2011 Through 2021," 1/2011 http://cbo.gov/doc.cfm?index=12039
- Department of Health & Human Services, Centers for Medicare & Medicaid Services, "The 2010 Annual Report of the Board of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds," 8/5/2010 https://www.cms.gov/ReportsTrustFunds/downloads/tr2010.pdf
- Department of the Treasury, "2010 Financial Report of the United States Government," 12/2010 http://www.fms.treas.gov/fr/10frusg/10frusg.pdf
- National Commission on Fiscal Responsibility and Reform, "The Moment of Truth: Report of the National Commission on Fiscal Responsibility and Reform," 12/1/2010 http://www.fiscalcommission.gov/sites/fiscalcommission.gov/files/documents/TheMomentofTruth12_1_2010.pdf
- Social Security Administration, "The 2010 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds," 8/9/2010 http://www.ssa.gov/oact/tr/2010/tr2010.pdf
- White House Office of Management and Budget, "Budget of the United States Government, Fiscal Year 2012," 2/2011 http://www.whitehouse.gov/omb/budget/Overview/

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Glossary

Accountable Care Organization (ACO) - A health system model with the ability to provide, and manage with patients, the continuum of care across different institutional settings, including at least ambulatory (outpatient) and inpatient hospital care and possibly post acute care. ACOs have the capability of planning budgets and resources and are of sufficient size to support comprehensive, valid, and reliable performance measurement. The ACO model is one of the latest designs for managing healthcare costs and especially Medicare costs, and is gaining traction among policymakers desperate to control costs and boost quality in healthcare.

Accrual accounting - A system of accounting in which revenues are recorded when they are earned and outlays are recorded when goods are received or services are performed, even though the actual receipt of revenues and payment for goods or services may occur, in whole or in part, at a different time. Compare with cash accounting.

Adjusted Gross Income (AGI) - All income that is subject to taxation under the individual income tax after "above-the-line" deductions for such things as alimony payments and certain contributions to individual retirement accounts. Personal exemptions and the standard or itemized deductions are subtracted from AGI to determine taxable income

Alternative Minimum Tax (AMT) - A tax intended to limit the extent to which higher-income people can reduce their tax liability (the amount they owe) through the use of preferences in the tax code. Taxpayers subject to the AMT are required to recalculate their tax liability on the basis of a more limited set of exemptions, deductions, and tax credits than would normally apply. The amount by which a taxpayer's AMT calculation exceeds his or her regular tax calculation is that person's AMT liability.

American Recovery and Reinvestment Act of 2009 (ARRA) - This act provided appropriations for several federal programs and increased or extended some benefits payable under Medicaid, unemployment compensation, and nutrition assistance, among others. ARRA also reduced individual and corporate income taxes and made other changes to tax laws.

Asset-Backed Security - Security backed by real estate or another type of asset; a claim on an income flow, such as expected interest payments on loans, payments on leases, royalty payments, or receivables; a claim on the principal of a loan; or a claim on the expected appreciation of an asset.

Automatic Stabilizers - Taxes that decrease and expenditures that increase when the economy goes into a recession (and vice-versa when the economy booms) without requiring any action on the part of the government. Stabilizers tend to reduce the depth of recessions and dampen booms.

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Bundled Payment (Healthcare) - Also known as episode-based payment, defined as the reimbursement of health care providers (such as hospitals and physicians) on the basis of expected costs for clinically-defined episodes of care. It has been described as "a middle ground" between fee-for-service reimbursement (in which providers are paid for each service rendered to a patient) and capitation (in which providers are paid a "lump sum" per patient regardless of how many services the patient receives).

Business Cycle - Fluctuations in overall business activity accompanied by swings in the unemployment rate, interest rates, and corporate profits. Over a business cycle, real (inflation-adjusted) activity rises to a peak (its highest level during the cycle) and then falls until it reaches a trough (its lowest level following the peak), whereupon it starts to rise again, defining a new cycle. Business cycles are irregular, varying in frequency, magnitude, and duration. (NBER) See real and unemployment rate.

Cash Accounting - A system of accounting in which revenues are recorded when they are actually received and outlays are recorded when payment is made. Compare with accrual accounting.

Centers for Medicare & Medicaid Services (CMS) – US federal agency which administers Medicare, Medicaid, and the Children's Health Insurance Program.

Copayment – A flat amount paid out of pocket per medical service, e.g., $5 per office visit.

Congressional Budget Office (CBO) – A non-partisan federal agency within the legislative branch of the U.S. government, charged with reviewing congressional budgets and other legislative initiatives with budgetary implications.

Conservatorship - The legal process by which an external entity (in the case of Fannie Mae and Freddie Mac, the federal government) establishes control and oversight of a company to put it in a sound and solvent condition.

Consumption - In principle, the value of goods and services purchased and used up during a given period by households and governments. In practice, the Bureau of Economic Analysis counts purchases of many long-lasting goods (such as cars and clothes) as consumption even though the goods are not used up. Consumption by households alone is also called consumer spending. See national income and product accounts.

Cost-of-Living Adjustment (COLA) - An annual increase in Social Security and other entitlement payments to reflect price inflation.

Current-Account Balance - A summary measure of a country's current transactions with the rest of the world, including net exports, net unilateral transfers, and net factor income (primarily the capital income from foreign property received by residents of a country offset by the capital income from property in that country flowing to residents of foreign countries).

Cyclical Deficit or Surplus - The part of the federal budget deficit or surplus that results from the business cycle. The cyclical component reflects the way in which the deficit or surplus automatically increases or decreases during economic expansions or recessions.

Cyclically Adjusted Budget Deficit or Surplus - The federal budget deficit or surplus that would occur under current law if the influence of the business cycle was removed—that is, if the economy operated at potential gross domestic product.

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Debt - In the case of the federal government, the total value of outstanding bills, notes, bonds, and other debt instruments issued by the Treasury and other federal agencies. That debt is referred to as federal debt or gross debt. It has two components - debt held by the public (federal debt held by nonfederal investors, including the Federal Reserve System) and debt held by government accounts (federal debt held by federal government trust funds, deposit insurance funds, and other federal accounts). Debt subject to limit is federal debt that is subject to a statutory limit on the total amount issued. The limit applies to gross federal debt except for a small portion of the debt issued by the Treasury and the small amount of debt issued by other federal agencies (primarily the Tennessee Valley Authority and the Postal Service).

Deductible (Medical Insurance) - A fixed amount, usually expressed in dollars in the form of an annual fee, that the beneficiary of a health insurance plan must pay directly to the health care provider before a health insurance plan begins to pay for any costs associated with the insured medical service.

Deficit - The amount by which the federal government's total outlays exceed its total revenues in a given period, typically a fiscal year. The primary deficit is that total deficit excluding net interest.

Defined Benefit Pension Plan – Retirees receive predetermined monthly retirement benefits from employers despite the funding status / investment returns of their pension funds.

Defined Contribution Pension Plan – Retirees contribute specified amount to their pension funds and receive variable monthly retirement benefits depending on investment returns. Examples include Individual Retirement Accounts (IRAs) and 401(k) plans.

Disposable Personal Income - Personal income—the income that people receive, including transfer payments—minus the taxes and fees that people pay to governments.

Economic Stimulus - Federal fiscal or monetary policies aimed at promoting economic activity, used primarily during recessions. Such policies include reductions in taxes, increases in federal spending, reductions in interest rates, and other support for financial markets and institutions.

Entitlement - A legal obligation of the federal government to make payments to a person, group of people, business, unit of government, or similar entity that meets the eligibility criteria set in law and for which the budget authority is not provided in advance in an appropriation act. Spending for entitlement programs is controlled through those programs' eligibility criteria and benefit or payment rules. The best-known entitlements are the government's major benefit programs, such as Social Security and Medicare.

Excise Tax - A tax levied on the purchase of a specific type of good or service, such as tobacco products or air transportation services.

Federal Poverty Level (FPL) - Income amounts set each February by the U.S. Department of Health and Human Services used to determine an individual's or family's eligibility for various public programs, including Medicaid and the State Children's Health Insurance Program.

Federal Reserve System - The central bank of the United States. The Federal Reserve is responsible for setting the nation's monetary policy and overseeing credit conditions. See central bank and monetary policy.

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Fiscal Policy - The government's tax and spending policies, which influence the amount and maturity of government debt as well as the level, composition, and distribution of national output and income. See debt.

Fiscal Year - A yearly accounting period. The federal government's fiscal year begins October 1 and ends September 30. Fiscal years are designated by the calendar years in which they end—for example, fiscal year 2011 will begin on October 1, 2010, and end on September 30, 2011.

GDP price index - A summary measure of the prices of all goods and services that make up gross domestic product. The change in the GDP price index is used as a measure of inflation in the overall economy.

General Fund - One category of federal funds in the government's accounting structure. The general fund records all revenues and offsetting receipts not earmarked by law for a specific purpose and all spending financed by those revenues and receipts.

Government-Sponsored Enterprise (GSE) - A financial institution created by federal law, generally though a federal charter, to carry out activities such as increasing credit availability for borrowers, reducing borrowing costs, or enhancing liquidity in particular sectors of the economy, notably agriculture and housing. Two housing GSEs (Fannie Mae and Freddie Mac) were taken into federal conservatorship in 2008.

Health Maintenance Organization (HMO) - A managed care plan that combines the function of insurer and provider to give members comprehensive health care from a network of affiliated providers. Enrollees typically pay limited copayments and are usually required to select a primary care physician through whom all care must be coordinated. HMOs generally will not reimburse all costs for services obtained from a non-network provider or without a primary care physician's referral. HMOs often emphasize prevention and careful assessment of medical necessity.

Independent Payment Advisory Board (IPAB) - A 15-member Independent Payment Advisory Board created under PPACA with significant authority with respect to Medicare payment rates. Beginning in 2014, in any year in which the Medicare per capita growth rate exceeded a target growth rate, the IPAB would be required to recommend Medicare spending reductions. The recommendations would become law unless Congress passed an alternative proposal that achieved the same level of budgetary savings. Subject to some limitations—hospitals, for example, would be exempt until 2020—the IPAB could recommend spending reductions affecting Medicare providers and suppliers, as well as Medicare Advantage and Prescription Drug Plans.

Labor Force - The number of people age 16 or older in the civilian non-institutional population who have jobs or who are available for work and are actively seeking jobs. (The civilian non-institutional population excludes members of the armed forces on active duty and people in penal or mental institutions or in homes for the elderly or infirm.) The labor force participation rate is the labor force as a percentage of the civilian non-institutional population age 16 or older.

Marginal Tax Rate - The tax rate that would apply to an additional dollar of a taxpayer's income. Compare with effective tax rate and statutory tax rate.

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Medicaid - Public health insurance program that provides coverage for low-income persons for acute and long-term care. It is financed jointly by state and federal funds (the federal government pays at least 50 percent of the total cost in each state) and is administered by states within broad federal guidelines.

Medicare - Federal health insurance program for virtually all persons age 65 and older, and permanently disabled persons under age 65, who qualify by receiving Social Security Disability Insurance.

Mortgage-Backed Securities (MBSs) - Securities issued by financial institutions to investors with the payments of interest and principal backed by the payments on a package of mortgages. MBSs are structured by their sponsors to create multiple classes of claims, or tranches, of different seniority, based on the cash flows from the underlying mortgages. Investors holding securities in the safest, or most senior, tranche stand first in line to receive payments from borrowers and require the lowest contractual interest rate of all the tranches. Investors holding the least senior securities stand last in line to receive payments, after all more senior claims have been paid. Hence, they are first in line to absorb losses on the underlying mortgages. In return for assuming that risk, holders of the least senior tranche require the highest contractual interest rate of all the tranches.

National Commission on Fiscal Responsibility and Reform - A bipartisan commission created by President Obama to address the nation's fiscal challenges. The Commission is charged with identifying policies to improve the fiscal situation in the medium term and to achieve fiscal sustainability over the long run. Specifically, the Commission shall propose recommendations designed to balance the budget, excluding interest payments on the debt, by 2015. In addition, the Commission shall propose recommendations that meaningfully improve the long-run fiscal outlook, including changes to address the growth of entitlement spending and the gap between the projected revenues and expenditures of the Federal Government.

Net Interest - In the federal budget, net interest comprises the government's interest payments on debt held by the public (as recorded in budget function 900), offset by interest income that the government receives on loans and cash balances and by earnings of the National Railroad Retirement Investment Trust. See budget function and debt.

Office of Management and Budget (OMB) – White House office responsible for devising and submitting the president's annual budget proposal to Congress.

Organization for Economic Co-operation and Development (OECD) – An international organization of 31 developed and emerging countries (see list on slide 354) with a shared commitment to democracy and the market economy.

Other Post-Employment Benefits (OPEB) – An accounting concept created by the Governmental Accounting Standards Board (GASB) by pronouncements designed to address expenses that entities may or may not be legally bound to pay, but pay as a moral obligation (such as retirees' healthcare costs).

Pay-As-You-Go (PAYGO) - Procedures established in House and Senate rules that are intended to ensure that laws that affect direct spending or revenues are budget neutral. The Senate and the House have had such rules in place since 1993 and 2007, respectively.

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PEP / Pease (Tax Policy) - PEP is Personal Exemption Phase-out designed to eliminate personal income exemptions for high earners; 3) Pease is a similar phase-out, but instead of applying to personal exemption, it applies to most of the itemized deductions of a taxpayer's claims (mortgage interest, charitable gifts, state & local taxes paid, etc.); Pease is named after Representative Donald Pease (D-OH) who pushed for its enactment in 1990.

Present Value - A single number that expresses a flow of current and future income (or payments) in terms of an equivalent lump sum received (or paid) today. The present value depends on the rate of interest used (the discount rate). For example, if $100 is invested on January 1 at an annual interest rate of 5 percent, it will grow to $105 by January 1 of the next year. Hence, at an annual 5 percent interest rate, the present value of $105 payable a year from today is $100.

Patient Protection and Affordable Care Act (PPACA) – A federal statute as the result of the healthcare reform. Signed into law on 3/23/10, the PPACA aims to expand Medicaid eligibility, incentivize businesses to provide health care benefits, prohibit denial of coverage/claims based on pre-existing conditions, establish health insurance exchanges, and support for medical research. The costs of these provisions are offset by a variety of taxes, fees, and cost-saving measures, such as new Medicare taxes for high-income brackets, taxes on indoor tanning, improved fairness in the Medicare Advantage program relative to traditional Medicare, and fees on medical devices and pharmaceutical companies.

Productivity - Average real output per unit of input. Labor productivity is average real output per hour of labor. The growth of labor productivity is defined as the growth of real output that is not explained by the growth of labor input alone. Total factor productivity is average real output per unit of combined labor and capital services. The growth of total factor productivity is defined as the growth of real output that is not explained by the growth of labor and capital. Labor productivity and total factor productivity differ in that increases in capital per worker raise labor productivity but not total factor productivity.

Tax Expenditures - Losses to the U.S. treasury from granting certain deductions, exemptions, or credits to specific categories of taxpayers. Tax breaks are one method Congress uses to promote certain policy objectives. For example, deductions for mortgages encourage home ownership, while credits for childcare expenses allow single parents to work. Tax expenditures are an alternative to direct government spending on policy programs.

Troubled Asset Relief Program (TARP) - A program that permits the Secretary of the Treasury to purchase or insure troubled financial assets. Authority for the program was initially set by the Emergency Economic Stabilization Act of 2008 at $700 billion in assets outstanding at any one time and remains in effect until October 3, 2010. The TARP's activities have included the purchase of preferred stock from financial institutions, support to automakers and related businesses, a program to avert housing foreclosures, and partnerships with the private sector.

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Trust Funds - In the federal accounting structure, accounts designated by law as trust funds (regardless of any other meaning of that term). Trust funds record the revenues, offsetting receipts, or offsetting collections earmarked for the purpose of the fund, as well as budget authority and outlays of the fund that are financed by those revenues or receipts. The federal government has more than 200 trust funds. The largest and best known finance major benefit programs (including Social Security and Medicare) and infrastructure spending (such as the Highway Trust Fund and the Airport and Airway Trust Fund).

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ISBN 978-1-4507-6450-6
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From:	Peter Green <[redacted]>
To:	[redacted]
Attachments:	image001.jpg; image002.jpg

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Jeffrey Epstein's Society Friends Close Ranks

by Alexandra Wolfe

Alexandra Wolfe is a former contributing editor to Conde Nast Portfolio. She has written for publications including the New York Times, New York magazine, the New York Observer, and the Wall Street Journal, where she wrote design and lifestyle features for the Weekend Journal section. Before that, she was a reporter at the New York Observer. She is currently working on a book called *American Coddle*, about America's culture of entitlement.

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No, back then Epstein was mid-makeover. He had monarchy in-house and famous faces at his table. Former Bear Stearns CEO James Cayne had just endorsed Epstein on his science foundation's website (which has been since removed). It seemed Epstein had joined the ranks of former President Clinton, director Roman Polanski, and former New York Governor Eliot Spitzer, whose sex scandals faded in comparison with their celebrity. The conventional wisdom among his friends was that Epstein has been victimized by greedy, morally dubious teenage girls and unscrupulous lawyers. "I've never condoned paying for sex, but if the young lady lied about her age it's her own fault," explained one socialite, who along with hedge-fund manager Wilbur Ross and real-estate magnate Leon Black hobnobbed with Epstein at a Southampton movie screening just two months after his release from "community control" in Florida.

Much of Epstein's entrée into New York society can be credited to Ghislaine Maxwell, the superbly well-connected daughter of the late press magnate Robert Maxwell. Epstein started dating her in the 1990s. The romantic relationship ended after a few years, but they have remained close ever since. Last week two victims publicly alleged that Ghislaine procured them for Epstein, one at age 15 from a Mar-a-Lago country club locker room. Virginia Roberts, now 27, who was Epstein's sexual plaything for several years, told the Mail on Sunday. "Ghislaine sent me to a dentist to have my teeth whitened and I went for Brazilian waxes. He wanted me to look pre-pubescent."

Now, New York friends are suddenly hesitant to talk about Maxwell. "She's a high-end 'fixer'," and so what? they ask. "No one in café society gives a damn that a 15-year-old girl gives massages," says one frequent charity-benefit guest. "She gets people into parties and runs around for a lot of people." As to the fallout from her association with Epstein, he says, "If you're Mike Huckabee it would matter but not if you're Ghislaine Maxwell."

The crowd at the events top publicist Peggy Siegal has organized for Epstein proves the point, at least behind closed doors. "I and many others that know him describe him as brilliant," says Siegal. "His unique mind is what attracts the world's smartest people to his home." Last September, with Siegal's help, Epstein hosted a Break Fast after Yom Kippur. A group of 120 friends brought their children over for a buffet dinner. One attendee, Jonathan Farkas, a New York real-estate heir, has known Epstein for 35 years and visited him while he was in prison. "The side I've been reading about is a side I don't know," he says. Farkas considers Epstein one of the smartest people he knows and often asks him for investment advice. "Unless I've seen it, I don't focus on it," he says.

"From a cerebral and business side he's worshipped," says socialite Debbie Bancroft. "He's incredibly charming and handsome. He's an extraordinary package so I can see why people don't want to believe what they hear. If people come out of jail and are still successful, people are very forgiving, shockingly so."

Renowned scientists whose research Epstein has generously funded through the years also stand by him. Professor Lawrence Krauss, a theoretical physicist and author of *Quantum Man*, has planned scientific conferences with Epstein in St. Thomas and remained close with him throughout his incarceration. "If anything, the unfortunate period he suffered has caused him to really think about what he wants to do with his money and his time, and support knowledge," says Krauss. "Jeffrey has surrounded himself with beautiful women and young women but they're not as young as the ones that were claimed. As a scientist I always judge things on empirical evidence and he always has women ages 19 to 23 around him, but I've never seen anything else, so as a scientist, my presumption is that whatever the problems were I would believe him over other people." Though colleagues have criticized him over his relationship with Epstein, Krauss insists, "I don't feel tarnished in any way by my relationship with Jeffrey; I feel raised by it."

Alexandra Wolfe is a former contributing editor to Conde Nast Portfolio. She has written for publications including The New York Times, New York magazine, The New York Observer, and The Wall Street Journal, where she wrote design and lifestyle features for the Weekend Journal section. She is working on a book called American Coddle*, about America's culture of entitlement.*

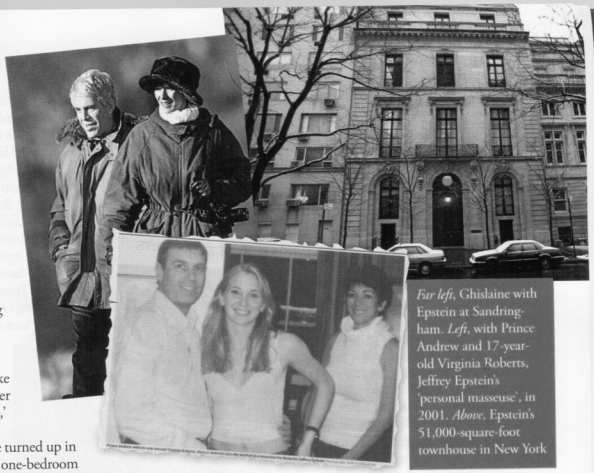
Like The Daily Beast on Facebook and follow us on Twitter for updates all day long.

-----Original Message-----
From: [redacted]
Sent: 03 April 2011 12:36
To: Peter Green
Subject: Re: Daily Beast

I cant open anything that is not underlined in blue sorry Peter i am not good at computer stuff.When are you coming here so i can call Catherine Crier please nothing to maryanne about thsi jonathan
=

Jackson, a senior journalist at Maxwell's *Daily Mirror*, says he saw Ghislaine shredding documents aboard her father's yacht shortly after his death. The Maxwells denied this, but Jackson has never retracted his version. Whatever her impulses were after Maxwell died, one thing cannot be disputed: Ghislaine was heartbroken. One friend described her as 'catatonic' with grief. Rupert Fairfax said: 'She worshipped him. He was not just her father, he was her hero. Then, as well as having to cope with losing him, she had to cope with everything people were saying about him.'

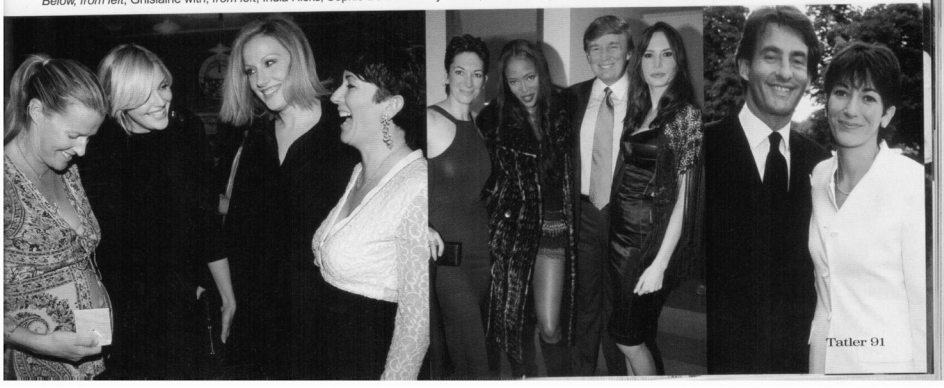
Maxwell's death came when Ghislaine was getting over the break-up of her four-year romance with Count Gianfranco Cicogna, a member of the Ciga hotels clan. The dashing and urbane Cicogna was credited by Ghislaine's friends with helping her shake off the frumpy image she had at Oxford. 'He told her what to wear, where to get her hair cut – everything,' said one.



Far left, Ghislaine with Epstein at Sandringham. *Left*, with Prince Andrew and 17-year-old Virginia Roberts, Jeffrey Epstein's 'personal masseuse', in 2001. *Above*, Epstein's 51,000-square-foot townhouse in New York

With her father dead and Cicogna gone, Ghislaine turned up in New York, the town she was to conquer. She rented a one-bedroom flat on the Upper East Side and began to reinvent herself. She was far from destitute. Her father had bought her a pretty mewshouse in South Kensington which, in 1992, was valued at £500,000. She also had a trust fund that provided her with £80,000 a year, at that time more than the prime minister earned. And she was a knockout, with deadly charm and, perhaps most importantly, a bulging Filofax. In London, she had suffered for her father's crimes. One estimate of the money missing from his companies was £727 million. In New York she was a celebrity, with an address book full of the names of rich and famous friends. Robert Maxwell was a determined soldier, ruthless and, by his own admission, an unflinching killer. His daughter, in whose dark beauty the old tyrant can still be discerned, was not about to succumb to guilt by association. She hit the phone. Soon, she was being seen at all the smart parties. Men adored her. She talked dirty in a British boarding-school accent, peppering her Rabelaisian asides with an occasional four-letter word. She once brought dinner-party chatter to a standstill when she announced she was planning to remove all her body hair. Then, about a year after her father's death, she was photographed boarding Concorde at Heathrow, heading back to New York. There was outrage. Maxwell's retirees had just been told their pension payments were being stopped. How could the evil crook's daughter spend £2,000 on a plane ticket while that was happening? In fact, she didn't spend the money. Her ticket was bought by the soft-spoken grey-haired American who, unnoticed by the photographers, boarded the plane with her. This was Jeffrey Epstein, then a shadowy figure whose copious supply of money baffled everyone. What did he do? Some thought he was a bounty hunter, recovering vast sums owed to the very rich. Others said he was a property developer. Or a financier. The question has never been satisfactorily answered. To this day, no one really knows where Epstein gets his money. But there is an awful lot of it. He lives in what is believed to be Manhattan's largest private residence, a house once owned by the Macy family, spanning more than 50,000 square feet. He also has a 7,500-acre ranch in New Mexico, a 70-acre island in the US Virgin Islands and a house in Palm Beach, Florida, which is said to be worth around £3 million. He has a helicopter and an executive jet and he either owns or has access to a Boeing 727. He used the Boeing to fly ex-president Bill Clinton, actors Kevin Spacey and Chris Tucker and others to Africa to investigate AIDS and poverty. When Ghislaine met Epstein, he was in his late 30s and had just been named *Cosmopolitan*'s bachelor of the month. Given his money and screen-star looks, one can see why. But Epstein had something else Ghislaine found irresistible. He is frighteningly clever. He started out as a maths teacher at an exclusive private school and

Below, from left, Ghislaine with, *from left*, India Hicks, Sophie Dahl and Amy Sacco; Naomi Campbell, Donald Trump and Melania Knauss; and Tim Jefferies



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impressed a pupil's father who then recruited him to a job on Wall Street. Epstein used his mathematical knowledge to develop complex formulae that could be applied to financial markets, especially in the area of currency exchange. He went on to form his own company and began advising Leslie Wexner, the billionaire creator of the Limited Brands group, which owns, among other extremely successful companies, Victoria's Secret and La Senza. Some on Wall Street believe that Wexner is the source of Epstein's fortune, although the version Epstein seems to prefer is that he advises a number of very rich clients. Intriguingly, he is said to have a permit to carry a gun. Epstein's talents are not restricted to mathematics. He plays the piano to concert standard (there is a nine-foot Steinway grand in his house) and he cultivates Nobel Prize-winning scientists with whom he engages in arcane conversation.

'Ghislaine was totally in thrall to him,' Rupert Fairfax said. 'The death of her father left a terrible gap in her life and Jeffrey filled it. I remember seeing them together in Aspen. Jeffrey was everything to her. He lifted her up at a time when she was very down.' Ghislaine's friends have asserted that she desperately wanted to marry Epstein, but that their romance turned into what one has described as 'an affectionate business relationship'. Epstein provided Ghislaine with a home, a beaux-arts townhouse on the Upper East Side close to his own residence. He also gave her the wherewithal to run it in a grand manner; she employed a substantial staff, including a full-time butler and maid who had their own quarters at the property. Ghislaine appeared effortlessly to establish herself as one of New York's leading socialites. Witness, for instance, the party she threw for Allegra Hicks, the designer ex-wife of Ashley Hicks, a grandson of Earl Mountbatten and second cousin of the Prince of Wales. The 80 guests at Ghislaine's house included Hollywood actor Matthew Modine, at least one Rockefeller, a Radziwill and numerous billionaires. After toasting the future of Allegra's new shop in New York with vintage Dom Pérignon, Ghislaine took her guests to the library, where the books had been given fake spines with titles naming her friends. The party, like many she hosted, was a triumph and her success gave the slightly gauche Epstein a social entrée that had thus far eluded him. She is credited with helping him forge a friendship with Bill Clinton, among other figures of influence.

> 'Ghislaine was totally in thrall to him. The death of her father left a terrible gap in her life and Jeffrey filled it'

But even Epstein could scarcely have imagined she would create an opportunity for friendship with a member of the British royal family – Prince Andrew, whom she appears to have met in London when he was working at the Minstry of Defence. At the turn of the millennium, Ghislaine and Andrew were hardly ever apart, enjoying eight different jaunts together in the space of a year. In February 2000, they holidayed in Palm Beach. Then they travelled to New York for a fashion show. A month later, Andrew was back in New York at a fundraiser for the London Symphony Orchestra, again accompanied by Ghislaine. A few weeks after that, Andrew returned for another round of socialising with Ghislaine. The following month, they met up for another holiday in Florida. In the autumn, Andrew flew to New York, where he and Ghislaine were spotted together. Just before Christmas, Andrew gave a house party at Sandringham to mark Ghislaine's 39th birthday. A few weeks later, in January 2001, they were on holiday again, in Phuket. What was going on? Was it a romance? No, said informed sources. Because on at least five of the eight occasions when Andrew and Ghislaine were together, Jeffrey Epstein was there as well. Andrew invited them both to Windsor for the Queen's birthday party. One of Epstein's friends, Nobel Prize-winning scientist Murray Gell-Mann, said he understood that Epstein had given the Queen financial advice.

After almost 10 years together, Ghislaine had become what Epstein characterised as his 'best friend'. He once denied that she was on his payroll, but *Tatler*'s inquiries suggest that her financial interests lead directly back to Epstein. In 1995 a company called Ghislaine Corp was registered in Florida, with offices at Epstein's Palm Beach address. Whenever Ghislaine is asked what she does, she says she is managing director of a company called New York Strategy Group. Not much is known about this company except that, according to records, it is in the business of investment counselling. That is Epstein's area of expertise and closer inspection shows that New York Strategy Group is just another part of his financial empire. So if Ghislaine really does work for Epstein, what does she do?

There is, in fact, a clue buried in the court documentation from Pennsylvania. In 2003 a writ was filed by Nelson Shanks, the celebrated portraitist whose sitters have included Pope John Paul II, Ronald Reagan and Diana, Princess of Wales. Shanks claimed that he had been hired to paint the clothing billionaire Leslie Wexner, his wife Abigail and their children. Yet when Shanks finished the picture, Wexner refused to pay for it, owing $339,000. When Shanks sued for his money – successfully, as it turned out – he also named Jeffrey Epstein and Ghislaine Maxwell. It was Ghislaine, he said, who had approached him and arranged the deal with Wexner. Epstein was also involved, he said. It

Below, from left, Ghislaine with Imran Khan; Keith Richards; and Yasmin Le Bon

HOUSE_OVERSIGHT_021093

MEMOIR

Nature memoir is anything but a snooze

LINDSAY BORTHWICK
JUNE 2, 2007

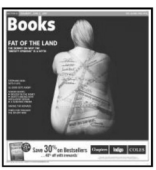
THE SNORING BIRD

My Family's Journey Through A Century of Biology

By Bernd Heinrich

Ecco, 461 pages, $37.95

Print Edition - Section Front



Enlarge Image

More Arts Stories

- Crystal scatters no light
- Fiction-writing and other deceits
- 'I wanted danger and risk and colour'
- Al Gore gets angry - furious, in fact
- Direct, disturbing - and unapologetic
- Go to the Arts section

Deep in the vaults of the American Museum of Natural History lies a bird with a reddish beak: skin number 6999 of the Heinrich Expedition 1931. In life, it was flightless, secretive and rare, living in the dense jungle thicket of the island of Sulawesi, Indonesia. Its call was sonorous but strange - a kind of low rumble or hum, like a deep snore - the signature of Aramidopsis plateni, the Snoring Rail.

The bird's hunter, 36-year-old Gerd Heinrich, had been searching Sulawesi for nearly two years, bagging insects, mammals and other birds, but holding out for the Snoring Rail. Its capture established his reputation as a collector, earned him his nickname, *die Ralle*, and would come to symbolize a life dedicated to discovery.

It would also capture the imagination of his son Bernd, a distinguished biologist at the University of Vermont and best-selling author (*Mind of a Raven*, *Bumblebee Economics*). In *The Snoring Bird*, Bernd Heinrich leads us through his family's extraordinary history, which begins in Europe, ends in America and is shaped at every turn by the rise of the science of biology. With his usual warmth, grace and insight, Heinrich has created an unconventional memoir - equal parts father and son - that explores two radically different, often conflicting approaches to understanding the natural world.

The journey begins at Heinrich's childhood home in rural Maine when, years after Gerd's death, he comes across a pile of his father's personal effects. Strewn around the barn and covered in guano, they would tell a remarkable tale. Gerd was born in Berlin in 1896 but spent his early life on an idyllic agricultural estate in Poland, Borowke, which he called the "home of my soul."

His days were passed on the land, observing and collecting nature's spoils. Then, the First World War intervened. Just 17, Gerd enlisted and eventually joined the Luftwaffe as a pilot, was sought out by the legendary Red Baron and earned an Iron Cross for bravery. Shot down twice over enemy territory, he survived to return to his beloved Borowke, where he soon rediscovered his "old zoological passion to live it again."

Soon after, Gerd encountered a lifelong intellectual companion in Erwin Stresemann, curator of birds at the Museum für Naturkunde in Berlin. Their friendship would survive another war, "revolution, invasion, expulsion, starvation, and emigration." It was Stresemann who, in 1927, sent Gerd on his first zoological expedition, to Persia, and fuelled his ambitions as a naturalist. In addition to Persia and Sulawesi, Gerd would lead zoological expeditions to Burma, Angola, Tanzania and elsewhere.

While collecting specimens around the world, he was able to pursue an abiding passion, ichneumons, "mysterious and exotic wasps that are parasitic connoisseurs," and went on to describe 1,479 new species in his lifetime. He became one of the world's foremost experts on these rarefied creatures, obsessively collecting and carefully differentiating one species from another based on subtle differences in body markings or shape, just as Vladimir Nabokov had done with his "blues" in the butterfly world.

Gerd's desire to publish his manuscript on Oriental ichneumons brought him and his family to the United States when he was 55. There, he lived in poverty, an amateur naturalist marginalized by the scientific community. Yet in rural Maine, living in an old farmhouse with no electricity and no running water, he was close to the wilderness, which meant freedom. He had found New Borowke.

In the latter half of *The Snoring Bird*, Bernd Heinrich's story, we learn that he has also settled in Maine and that he shares his father's faith: "I believe ... that our well-being is tied not so much to the structure of our society and the politics that determine it, as to our ability to maintain contact with nature, to feel that we are part of the natural order." It is this shared belief and fascination with the natural world that led them both to the frontiers of biology; and, it is there that their lives diverged dramatically.

Gerd practised taxonomy, a descriptive science, while Bernd liked to experiment. Gerd's work was "drudgery," whereas Bernd's was (and, one gets the sense, still is) "purest joy." Species identification, once at the forefront of biology, came to be derided as mere "stamp collecting." By contrast, experimentation has become the paradigm for modern biology and its growth logarithmic.

Modern biology's currency, Heinrich reminds us, is ideas. He has had many. Big ones. Ones published in leading journals, including Science, and which earned him prestigious professorships and the admiration of his peers. They also brought him an unusual degree of academic freedom, which he has used to full effect, often taking laypeople along on his wide-ranging journeys of discovery - into the minds of ravens, for instance - through popular writing.

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Bernd's chapters here are earnest and humorous, and offer a window into the making of a scientist. But it is the early chapters on Gerd's life that captivate.

Heinrich skillfully recreates his father's story, through correspondence, an unpublished memoir and remembrances, to create a nuanced portrait - at times generous, at other times hostile.

Gerd never celebrated his son's success as a scientist - at least not outwardly. The conflict between old science and new tainted their relationship, and Gerd's struggle for recognition in science made him resentful. On the other hand, Bernd struggled for years to see the value in his father's science and to understand his motivations. The memoir documents this struggle and builds to an ardent defence of his father's choices and of specimen-collecting biology: "There was a purpose, an ethic, even a morality to what naturalists of his time practised"; "Biology is history, and no amount of chemistry can explain how or why the different ichneumon wasps came into being, or what role they play in different ecosystems"; "Naming before knowing."

Importantly, *The Snoring Bird* reminds us that science itself evolves, and that scientists are a product of their time and culture. Bernd Heinrich leaves us with no doubt that in Gerd's youth, "the naturalists' reputation shone brightly," and that taxonomy has provided biologists with a framework for thinking about the natural world, upon which modern biology is built.

But he glosses over the fact that biology is in the midst of a new - some would say revolutionary - effort to catalogue Earth's biological diversity, using a short sequence of each organism's DNA called DNA barcodes. They have verified past species divisions - those determined by taxonomists such as Gerd - and clarified others; and, they represent another tool with which to understand and protect this bounty. In barcoding, an old science has become new again - albeit transformed. But it is proof that to most of us, nature is still "a magic show of the highest order," and that the values of naturalists such as Bernd and Gerd Heinrich live on.

Lindsay Borthwick is a science journalist living in Toronto. She first encountered Bernd Heinrich's work as an editor at the science/culture magazine, Seed.

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Phillip Crawley, Publisher

HOUSE_OVERSIGHT_021095

From: jeffrey E. [jeevacation@gmail.com]
Sent: 2/21/2018 5:55:09 PM
To: Steven Sinofsky [redacted]
Subject: Re: Pro Rata: Wednesday, February 21
Attachments: image1.png

Thx for taking the time

On Wed, Feb 21, 2018 at 1:48 PM Steven Sinofsky <[redacted]> wrote:
Excerpt from below...

Same old story: Yesterday, I grabbed coffee with Day One Ventures founder Masha Drokova, and heard a familiar—and still disappointing—story: While raising her fund, she was told by prospective investors that she should get a male co-founder.

- She initially considered the suggestion, she told me, before remembering it's rooted in sexism.

Begin forwarded message:

From: Kia Kokalitcheva <[redacted]>
Date: February 21, 2018 at 7:32:17 AM PST
To: [redacted]
Subject: Pro Rata: Wednesday, February 21

View in browser

Pro Rata

By Kia Kokalitcheva ·Feb 21, 2018

Welcome back, readers. Once again, a reminder to send me your delicious scoops and tips at kia@axios.com or find me on Twitter at @imkialikethecar.

Hot event alert: RSVP to our 2/26 event in NYC for interviews with NBA star Draymond Green, BBG Ventures' Susan Lyne, JPMorgan's Jennifer Piepszak, and Equinox CEO Harvey Spevak.

Top of the Morning

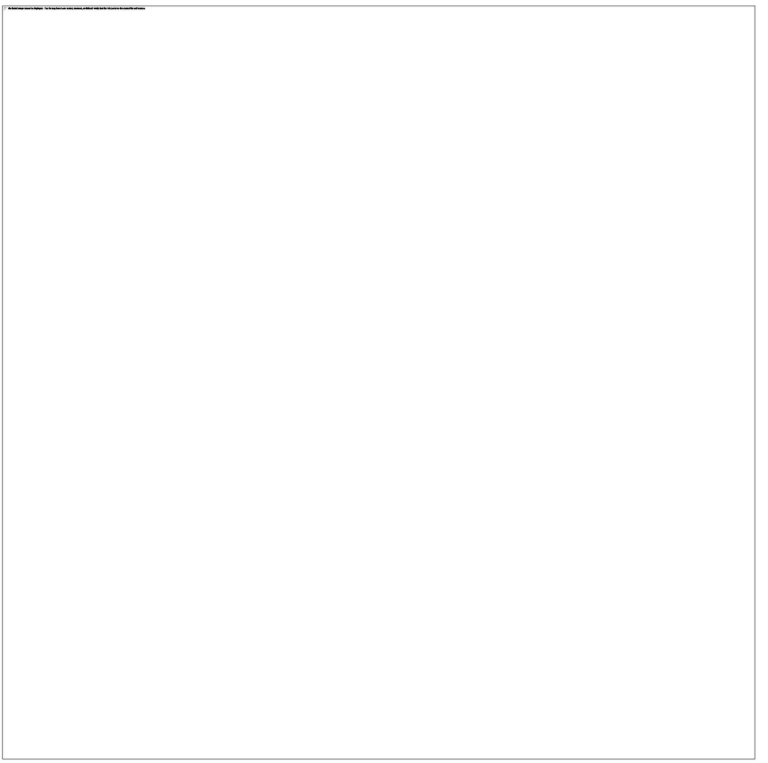


Illustration: Rebecca Zisser / Axios

AT&T's proposed $85 billion purchase of Time Warner took another turn yesterday. A federal judge hearing the Justice Department's lawsuit to block the deal denied a request by the telecom giant to disclose communications between Justice Department officials, including Attorney General Jeff Sessions, and the White House about the deal.

- **Why it matters:** The ruling is a blow to AT&T's attempt to show that the lawsuit to block the deal is politically motivated by President Trump's antipathy for CNN, which Time Warner owns. AT&T says it wasn't asked to offload any assets as part of the deal until after Trump took office.
- **What they're saying:** "We respect the judge's decision and look forward to the upcoming trial," said Dan Petrocelli, who is leading AT&T and Time Warner's defense in the case, in a statement.
- **At a hearing on Friday,** a Justice Department lawyer said that AT&T's argument for the documents "didn't make sense."
- **Go deeper:** Our report from the courtroom on Friday, when DOJ and AT&T presented their arguments.

Fund scoop: Niv Dror, who joined AngelList through its acquisition of Product Hunt in 2016, is raising a small early-stage fund focused on consumer products, multiple sources tell Axios. Dror declined to comment.

- The fund will raise at least $1 million, though one source says it could go up to $2-3 million.
- Like Product Hunt colleague Ryan Hoover's own VC fund, Dror's will be managed on the back-end by AngelList.

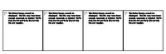
Same old story: Yesterday, I grabbed coffee with Day One Ventures founder Masha Drokova, and heard a familiar—and still disappointing—story: While raising her fund, she was told by prospective investors that she should get a male co-founder.

- She initially considered the suggestion, she told me, before remembering it's rooted in sexism.

Softbank $$$: Softbank's Vision Fund is in early talks to raise additional funds from Bahrain's sovereign wealth fund, Mumtalakat, the latter's CEO told Reuters.

- The Persian Gulf has been a major source of funds for the Vision Fund: Public Investment Fund, Saudi Arabia's main sovereign wealth fund, and Abu Dhabi's Mubadala, are already investors.
- And it's not the only one visiting the region's investors—funds focused on tokens and cryptocurrencies have also been fundraising in the area, I'm told.

Unicorn stampede: We're not even two months into 2018 and yet, seven startups have already seen their private valuations cross the $1 billion mark—earning "unicorn" status—according to Pitchbook. Last year: 53. The word "overvalued" comes to mind...

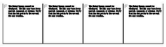


The BFD

Photo: George Rose/Getty Images

Broadcom has adjusted its takeover offer for Qualcomm to $79 per share, down from the its “best and final” bid of $82. The move is a response to Qualcomm's announcement yesterday it would pay $127.50 a share for NXP, up from the $110 it had offered.

- **Why it's the BFD:** Broadcom and Qualcomm's takeover dance has taken a dramatic turn for what should have been a boring transaction between two chip companies.
- **Bottom line:** "Broadcom has long said its acquisition of the San Diego-based chipmaker is contingent on Qualcomm buying NXP at the previously agreed price, saving a large amount of cash Broadcom could hypothetically use for its own purposes once the acquisition goes through... Qualcomm raised its NXP bid to secure support from activist investors who have piled into NXP and demanded a higher sale price." — Bloomberg.



Venture Capital Deals

• **Moovit**, an Israeli maker of a transportation app, has raised $50 million in Series D funding led by **Intel Capital**, with participation from Sequoia, BMW iVentures, NGP, Sound Ventures, BRM, Gemini, Vaizra, Vintage, and Hanaco. http://axios.link/fQSW

• **Vectra**, a San Jose, Calif.-based cybersecurity startup, has raised $36 million in Series D funding led by **Atlantic Bridge**, with participation from the Ireland Strategic Investment Fund, Nissho Electronics Corp., Khosla Ventures, Accel Partners, IA Ventures, AME Cloud Ventures, DAG Ventures and Wipro Ventures. www.vectra.ai

• **FourKites**, a Chicago-based make of supply chain management software, has raised $35 million in Series B funding. **August Capital** led the round, with participation from Bain Capital Ventures and Hyde Park Venture Partners. http://axios.link/7XWI

• **DecaWave**, an Irish fabless semiconductor company, has raised $30 million in funding led by **Atlantic Bridge Ventures**, with participation from the China Ireland Growth Technology Fund, ACT Venture Capital, and ZZ Ventures.

• **Kidaptiv**, a Mountain View, Calif.-based maker of adaptive learning software, has raised $19.1 million in Series C funding led by **Formation 8** and Korean education company **Woongjin ThinkBig**. http://axios.link/Fuut

• **Prophesee**, a Paris-based machine vision startup, has raised $19 million in Series B funding led by an undisclosed investor, with participation from 360 Capital Partners, Supernova Invest, iBionext, Intel Capital, Renault Group, and Robert Bosch Venture Capital, according to Tech.eu. http://axios.link/QAyn

• **Greenlight Financial Technology**, an Atlanta-based maker of a smart debit card for kids, teens, and college students, has raised $16 million in Series A funding led by TTV Capital with participation from New Enterprise Associates, Relay Ventures, SunTrust Bank, Ally Financial, nbkc bank, Canapi, and the Amazon Alexa Fund. www.greenlightcard.com

• **Zagster**, a Cambridge, Mass.-based bike-share service, has raised $15 million in new funding led by **Edison Capital Partners**. www.zagster.com

• **Morphisec**, and Israel-based cybersecurity startup, has raised $12 million in Series B funding from Orange Digital Ventures, Jerusalem Venture Partners, General Electric, and Deutsche Telekom. www.morphisec.com

• **Tunity**, a New York-based live audio service for television content, has raised $12 million in Series A funding. Investors include former Morgan Stanley CEO John Mack and WeWork CEO Adam Neumann. www.tunity.com

• **Fever Labs**, a New York-based maker of an event discovery app, has raised $11.7 million in new funding, according to an SEC filing. www.feverup.com

• **Gabi**, a San Francisco-based insurance shopping services, has raised $9.5 million in Series A funding led by **Canvas Ventures**, with participation from Correlation Ventures, Northwestern Mutual Future Ventures, Securian Ventures, A.Capital Ventures and Project A. www.gabi.com

• **Dover Microsystems**, a Waltham, Mass.-based cybersecurity company, has raised $6 million in seed funding. **Hyperplane Venture Capital** led the round with participation from **Draper, Qualcomm Ventures** and the **Hub Angels Investment Group.** www.dovermicrosystems.com

• **Anyfin**, a Stockholm-based loan refinancing startup, has raised $5.9 million (€4.8 million) in Series A funding led by **Accel** and **Northzone**, with participation from Global Founders Capital and angel investors. http://axios.link/IpTj

• **Thirdpresence**, a Helsinkin-based A.I. programmatic video advertising company, has raised $2.4 million in seed funding from Inventure, Tesi, and existing investors. www.thirdpresence.com

Private Equity Deals

• **Rhone Capital** agreed to buy **Fogo de Chão** (NASDAQ: FOGO), a Dallas-based Brazilian steakhouse chain, in a deal valued at $560 million. Credit Suisse and Wells Fargo Bank, National Association provided financing. www.fogodechao.com

• **Behrman Capital** has acquired **Corfin Industries**, a Salem, N.H.-based provider of microelectronic component preparation services. www.corfin.com

Water Street Healthcare Partners and **JLL Partners** have agreed to acquire **Dohmen Life Science Services**, a Milwaukee-based provider of operations services to biopharma and medical device companies, from The Dohmen Company. www.dlss.com

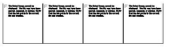
• **PWP Growth Equity** and **RedHawk Investment** have invested an undisclosed amount into **360Training**, an Austin, Texas-based provider of online training courses for regulated industries. www.360training.com

• **Orient Hontai Capital**, a Chinese private equity firm, has agreed to buy a 53.5% stake in **Imagina Media Audiovisual**, a Spanish media company, valuing the target company at an enterprise value of €1.9 billion (US$2.34 billion). http://axios.link/CN5I

• **Leeds Equity Partners** is investing in **Endeavor Schools**, a Miami-based owner and operator of 37 private K-12 schools in the U.S. www.endeavorschools.com

• **Cathay Capital MidCap Fund** is buying a majority of stake in **E. WINKEMANN**, a German auto supplier. Financial terms weren't announced.

Equistone Partners Europe will retain a stake along with company management. www.winkemann.de

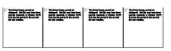


Public Offerings

• **Deutsche Bank** (NYSE: DB) plans to debut an IPO of its asset-management arm, DWS, for Monday next week, according to Reuters. It could list on the Frankfurt exchange as early as March 19. Deutsche Bank is planning to offer 25% of existing DWS shares for an expected 1.5 billion to €2 billion ($1.85 billion to $2.47 billion). http://axios.link/KNnd

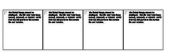
• **Opes Acquisition**, a Mexico-based blank check company formed by Axis Capital Management to acquire a Mexican business, has filed for an $100 million IPO. It will offer 10 million units at a price of $10. At that price, Opes Acquisition would command a market value of $129 million. Each unit consists of one share of common stock and one warrant exercisable at $11.50. It plans to list on the Nasdaq under the symbol OPESU, with EarlyBirdCapital is the sole bookrunner on the deal. www.axiscapital.com.mx/eng

• **Tiberius Acquisition**, a Metairie, La.-based blank check company formed to acquire a middle-market insurance business, filed for a $150 million IPO. It will offer 15 million units at a price of $10. At that price, Tiberius Acquisition would command a market value of $188 million. Each unit consists of one share of common stock and one warrant to purchase one share of common stock. It plans to list on the Nasdaq under the symbol TIBRU, with Cantor Fitzgerald and Dowling & Partners are the joint bookrunners on the deal.



Liquidity Events

• **Xerox Corp** shareholders Carl Icahn and Darwin Deason said Tuesday that the company should sell itself to one of its rivals or a private equity firm, opposing a potential deal with Fujifilm, according to Reuters. http://axios.link/jtPN



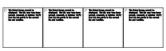
More M&A

• **S&P Global** (NYSE: SPGI), a provider or markets data and analytics, has agreed to set to acquire **Panjiva**, a New York-based provider of supply chain data. www.panjiva.com

• **The Adecco Group**, a Swiss human resources services firm, has acquired **Vettery**, a New York-based recruiting startup, for just over $100 million, according to TechCrunch. http://axios.link/hBcz

• **Oracle** has acquired **Zenedge**, an Aventura, Fla.-based cybersecurity solutions provider. www.zenedge.com

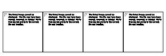
• **Bosch** has acquired **Splitting Fares**, a Detroit-based startup that provides ride-sharing platforms. www.splt.io



Fundraising

• **EQT** is seeking 10.75 billion euros ($13.2 billion) for a new buyout fund, according to the Financial Times.

• **TechOperators Venture Capital**, an Atlanta-based venture capital firm, has raised $40.2 million toward a $100 million third venture fund, according to an SEC filing. www.techoperators.com

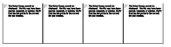


It's Personnel

• **Amy Errett** has joined **True Ventures** as a venture partner. Erret will remain CEO of Madison Reed, a San Francisco-based hair color company. http://axios.link/r9h8

• **Jeff Schumacher** is stepping down as CEO of **BCG Digital Ventures** and will become non-executive chairman of the firm. www.bcgdv.com

• **Nicholas Leiby** has joined **Weinberg Capital Group** as director. He was previously vice president at Resilience Capital Partners. www.weinbergcap.com



Final Numbers

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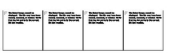

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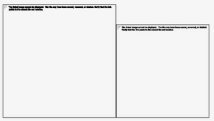

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Sent: 5/13/2018 11:03:18 AM
To: [redacted]
Subject: Re: Fw: WSJ

Nothing attached

On Sun, May 13, 2018 at 7:00 AM Steve Bannon <[redacted]> wrote:
Sent via BlackBerry by AT&T

From: Alexandra Preate <[redacted]>
Date: Sat, 12 May 2018 08:23:58 -0400
To: <[redacted]>
Subject: WSJ

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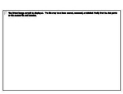

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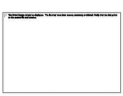

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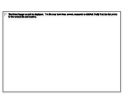

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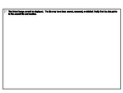

OPINION
The Concept of Rights Went With Responsibilities

- POTOMAC WATCH

About That FBI 'Source'

Did the bureau engage in outright spying against the 2016 Trump campaign?

House Intelligence Committee Chairman Devin Nunes at the Conservative Political Action Conference, Feb. 24 at National Harbor, Md. PHOTO: JOSHUA ROBERTS/REUTERS

By

Kimberley A. Strassel
May 10, 2018 6:50 p.m. ET

1663 COMMENTS

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The Department of Justice lost its latest battle with Congress Thursday when it agreed to brief House Intelligence Committee members about a top-secret intelligence source that was part of the FBI's investigation of the Trump campaign. Even without official confirmation of that source's name, the news so far holds some stunning implications.

Among them is that the Justice Department and Federal Bureau of Investigation outright hid critical information from a congressional investigation. In a Thursday press conference, Speaker Paul Ryan bluntly noted that Intelligence Chairman Devin Nunes's request for details on this secret source was "wholly appropriate," "completely within the scope" of the committee's long-running FBI investigation, and "something that probably should have been answered a while ago." Translation: The department knew full well it should have turned this material over to congressional investigators last year, but instead deliberately concealed it.

House investigators nonetheless sniffed out a name, and Mr. Nunes in recent weeks issued a letter and a subpoena demanding more details. Deputy Attorney General Rod Rosenstein's response was to double down—accusing the House of "extortion" and delivering a speech in which he claimed that "declining to open the FBI's files to review" is a constitutional "duty." Justice asked the White House to back its stonewall. And it even began spinning that daddy of all superspook arguments—that revealing any detail about this particular asset could result in "loss of human lives."

This is desperation, and it strongly suggests that whatever is in these files is going to prove very uncomfortable to the FBI.

The bureau already has some explaining to do. Thanks to the Washington Post's unnamed law-enforcement leakers, we know Mr. Nunes's request deals with a "top secret intelligence source" of the FBI and CIA, who is a U.S. citizen and who was involved in the Russia collusion probe. When government agencies refer to sources, they mean people who appear to be average citizens but use their profession or contacts to spy for the agency. Ergo, we might take this to mean that the FBI secretly had a person on the payroll who used his or her non-FBI credentials to interact in some capacity with the Trump campaign.

This would amount to spying, and it is hugely disconcerting. It would also be a major escalation from the electronic surveillance we already knew about, which was bad enough. Obama political appointees rampantly "unmasked" Trump campaign officials to monitor their conversations, while the FBI played dirty with its surveillance warrant against Carter Page, failing to tell the Foreign Intelligence Surveillance Court that its supporting information came from the Hillary Clinton campaign. Now we find it may have also been rolling out human intelligence, John Le Carré style, to infiltrate the Trump campaign.

Which would lead to another big question for the FBI: When? The bureau has been doggedly sticking with its story that a tip in July 2016 about the drunken ramblings of George Papadopoulos launched its counterintelligence probe. Still, the players in this affair—the FBI, former Director Jim Comey, the Steele dossier authors—have been suspiciously vague on the key moments leading up to that launch date. When precisely was the Steele dossier delivered to the FBI? When precisely did the Papadopoulos information come in?

And to the point, when precisely was this human source operating? Because if it was prior to that infamous Papadopoulos tip, then the FBI isn't being straight. It would mean the bureau was spying on the Trump campaign prior to that moment. And that in turn would mean that the FBI had been spurred to act on the basis of something other than a junior campaign aide's loose lips.

We also know that among the Justice Department's stated reasons for not complying with the Nunes subpoena was its worry that to do so might damage international relationships. This suggests the "source" may be overseas, have ties to foreign intelligence, or both. That's notable, given the highly suspicious role foreigners have played in this escapade. It was an Australian diplomat who reported the Papadopoulos conversation. Dossier author Christopher Steele is British, used to work for MI6, and retains ties to that spy agency as well as to a network of former spooks. It was a former British diplomat who tipped off Sen. John McCain to the dossier. How this "top secret" source fits into this puzzle could matter deeply.

I believe I know the name of the informant, but my intelligence sources did not provide it to me and refuse to confirm it. It would therefore be irresponsible to publish it. But what is clear is that we've barely

scratched the surface of the FBI's 2016 behavior, and the country will never get the straight story until President Trump moves to declassify everything possible. It's time to rip off the Band-Aid.

Correction

The FBI briefed House Intelligence Committee members about a top-secret intelligence source but did not allow them to see documents. An earlier version of this article misstated this.

Alexandra V. Preate
Chief Executive Officer
CapitalHQ
[redacted] cell

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Sent: 4/23/2019 12:58:06 PM
To: Alan Dershowitz [[redacted]]; Martin Weinberg [[redacted]]
Subject: Fwd: Announcing the 2019 Hillman Prize winners

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From: The Sidney Hillman Foundation <[redacted]>
Date: Tue, Apr 23, 2019 at 2:45 PM

Congratulations to the 2019 Hillman Prize recipients!

Sidney Hillman Foundation Names Winners of 2019 Prizes for Journalism in Service of the Common Good

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Reuters, NBC News and MSNBC, ProPublica Receive Honors; Adam Serwer to receive Opinion & Analysis Prize

NEW YORK – The Sidney Hillman Foundation announced Tuesday winners of the 69th annual Hillman Prizes, recognizing a *Reuters* exposé of slum-like living conditions on U.S military bases, the *Miami Herald*'s investigation into Labor Secretary Alex Acosta's sweetheart deal with serial sex abuser, Jeffrey Epstein, and NBC News and MSNBC's reporting on the Trump Administration's family separation policy, among other standout reporting in service of the common good.

Hannah Dreier of ProPublica won a Hillman Prize for reporting that showed how the government's bungled crackdown on MS-13 has torn apart the lives of Latino immigrants. The Atlantic's Adam Serwer, who has emerged as a defining voice of the Trump era, won for his essays on racism and Trump's political movement, and Anna Clark won for her book on the Flint water crisis.

This year's prizes were judged by writer Ta-Nehisi Coates, the *New Yorker's* Jelani Cobb, *Reuters'* Alix Freedman, the *New Yorker's* Hendrik Hertzberg, the *American Prospect's* Harold Meyerson and *The Nation's* Katrina vanden Heuvel.

The 2019 winners of the Hillman Prizes are:

- **Newspaper** – *Miami Herald*, Julie K. Brown and Emily Michot: *Perversion of Justice*
- **Magazine** – *ProPublica* with *New York* magazine, *Newsday, This American Life, New York Times Magazine,* Hannah Dreier: *Trapped in Gangland*
- **Web** – *Reuters,* Joshua Schneyer, Michael Pell, Andrea Januta, Deborah Nelson: *Ambushed at Home*
- **Broadcast** – NBC News and MSNBC, Jacob Soboroff and Julia Ainsley: *Torn Apart: Crisis at the Border*
- **Opinion & Analysis** – Adam Serwer, *The Atlantic*
- **Book** – Anna Clark: *The Poisoned City: Flint's Water and the American Urban Tragedy,* Metropolitan Books

Reporting by this year's prize winners has had significant positive impact, including:

- Reversal of the Trump administration's "Zero Tolerance" family separation policy
- Three federal investigations, new legislation, widespread repairs, and a $386 million emergency program to inspect military housing for hazards
- The exposure of pervasive bias and negligence by Long Island police, leading to federal and local investigations and reforms

This year's honorees follow in the trailblazing tradition of past winners ranging from Murray Kempton in 1950 for his articles on labor in the south and Edward R. Murrow in 1954 for his critical reports on civil liberties and Joseph McCarthy at the height of the Red Scare; to 2017 newspaper winner, David Fahrenthold, for exposing Donald Trump's sexual harassment and mismanagement of his foundation.

The Hillman Prizes are open to journalists and subjects globally for any work widely accessible to a U.S. audience. Winners will be awarded a $5,000 prize at the Hillman Foundation's annual

ceremony in New York City on May 7.

"In a time when this country's highest powers have taken it as their business to demean the work of journalists, it is particularly significant for us to honor those who have taken up the tools of journalism to challenge corrupt power wherever it may reside," said Hillman judge Ta-Nehisi Coates.

In 2011, the Sidney Hillman Foundation inaugurated the Canadian Hillman Prize. This year's winners, Harvey Cashore, Bob McKeown and Kimberly Ivany of CBC's The Fifth Estate, won for their sweeping investigation into the research and regulatory failures that have put millions of children at risk on their way to and from school each day. Their reporting exposed fraudulent science behind Transport Canada's seminal seatbelt study and led the Transport Minister to form a task force with the provinces to look at implementing seatbelts on school buses across the country.

The Hillman Foundation announced Monday that CUNY professor and historian, Joshua B. Freeman, is the recipient of its 2019 Sol Stetin Award for Labor History. Freeman has written extensively about the history of labor, industry, modern America, and New York City. The Hillman Foundation established the award in 2005 to honor a labor historian who has made significant contribution to the field, researching and telling the stories of working peoples' lives.

Since 1950, the Hillman's Prizes for Journalism honor the legacy of Sidney Hillman, an immigrant who dedicated his life to a "better America." Hillman believed that a free press was essential to a fair and equal society. The Sidney Hillman Foundation has sought to carry on his legacy by honoring journalists who illuminate the great issues of our times—from the search for a basis for lasting peace, to the need for better housing, medical care, and employment security for all people, to the promotion of civil liberties and the battle against discrimination based on race, nationality, or religion.

For more information, including to RSVP to the event, please contact Alexandra Lescaze at 646-448-6413 or Alex@HillmanFoundation.org

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SIEGE

Trump Under Fire

MICHAEL
WOLFF

HENRY HOLT AND COMPANY
NEW YORK

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Author's Note

Shortly after Donald Trump's inauguration as the forty-fifth president of the United States, I was allowed into the West Wing as a sideline observer. My book *Fire and Fury* was the resulting account of the organizational chaos and constant drama—more psychodrama than political drama—of Trump's first seven months in office. Here was a volatile and uncertain president, releasing, almost on a daily basis, his strange furies on the world, and, at the same time, on his own staff. This first phase of the most abnormal White House in American history ended in August 2017, with the departure of chief strategist Stephen K. Bannon and the appointment of retired general John Kelly as chief of staff.

This new account begins in February 2018 at the outset of Trump's second year in office, with the situation now profoundly altered. The president's capricious furies have been met by an increasingly organized and methodical institutional response. The wheels of justice are inexorably turning against him. In many ways, his own government, even his own White House, has begun to turn on him. Virtually every power center left of the far-right wing has deemed him unfit. Even some among his own base find him undependable, hopelessly distracted, and in over his head. Never before has a president been under such concerted attack with such a limited capacity to defend himself.

His enemies surround him, dedicated to bringing him down.

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* * *

I am joined in my train-wreck fascination with Trump—that certain knowledge that in the end he will destroy himself—by, I believe, almost everyone who has encountered him since he was elected president. To have worked anywhere near him is to be confronted with the most extreme and disorienting behavior possible. That is hardly an overstatement. Not only is Trump not like other presidents, he is not like anyone most of us have ever known. Hence, everyone who has been close to him feels compelled to try to explain him and to dine out on his head-smacking peculiarities. It is yet one more of his handicaps: all the people around him, however much they are bound by promises of confidentiality or nondisclosure agreements or even friendship, cannot stop talking about their experience with him. In this sense, he is more exposed than any president in history.

Many of the people in the White House who helped me during the writing of *Fire and Fury* are now outside of the administration, yet they are as engaged as ever by the Trump saga. I am grateful to be part of this substantial network. Many of Trump's pre–White House cronies continue to both listen to him and support him; at the same time, as an expression both of their concern and of their incredulity, they report among one another, and to others as well, on his temper, mood, and impulses. In general, I have found that the closer people are to him, the more alarmed they have found themselves at various points about his mental state. They all speculate about how this will end—badly for him, they almost all conclude. Indeed, Trump is probably a much better subject for writers interested in human capacities and failings than for most of the reporters and writers who regularly cover Washington and who are primarily interested in the pursuit of success and power.

My primary goal in *Siege* is to create a readable and intuitive narrative—that is its nature. Another goal is to write the near equivalent of a real-time history of this extraordinary moment, since understanding it well after the fact might be too late. A final goal is pure portraiture: Donald Trump as an extreme, almost hallucinatory, and certainly cautionary, American character. To accomplish this, to gain the perspective and to find

the voices necessary to tell the larger story, I provided anonymity to any source who requested it. In cases where I have been told—on the promise of no attribution—about an unreported event or private conversation or remark, I have made every effort to confirm it with other sources or documents. In some cases, I have witnessed the events or conversations described herein. With regard to the Mueller investigation, the narrative I provide is based on internal documents given to me by sources close to the Office of the Special Counsel.

Dealing with sources in the Trump White House has continued to offer its own set of unique issues. A basic requirement of working there is, surely, the willingness to infinitely rationalize or delegitimize the truth, and, when necessary, to outright lie. In fact, I believe this has caused some of the same people who have undermined the public trust to become private truth-tellers. This is their devil's bargain. But for the writer, interviewing such Janus-faced sources creates a dilemma, for it requires depending on people who lie to also tell the truth—and who might later disavow the truth they have told. Indeed, the extraordinary nature of much of what has happened in the Trump White House is often baldly denied by its spokespeople, as well as by the president himself. Yet in each successive account of this administration, the level of its preposterousness—even as that bar has been consistently raised—has almost invariably been confirmed.

In an atmosphere that promotes, and frequently demands, hyperbole, tone itself becomes a key part of accuracy. For instance, most crucially, the president, by a wide range of the people in close contact with him, is often described in maximal terms of mental instability. "I have never met anyone crazier than Donald Trump" is the wording of one staff member who has spent almost countless hours with the president. Something like this has been expressed to me by a dozen others with firsthand experience. How do you translate that into a responsible evaluation of this singular White House? My strategy is to try to show and not tell, to describe the broadest context, to communicate the experience, to make it real enough for a reader to evaluate for him- or herself where Donald Trump falls on a vertiginous sliding scale of human behavior. It is that condition, an emotional state rather than a political state, that is at the heart of this book.

HOUSE_OVERSIGHT_021123

1

BULLSEYE

The president made his familiar stink-in-the-room face, then wav his hands as though to ward off a bug.

"Don't tell me this," he said. "Why are you telling me this?"

His personal lawyer John Dowd, in late February 2018, little mo than a year into Trump's tenure, was trying to explain that prosecutc were likely to issue a subpoena for some of the Trump Organizatio business records.

Trump seemed to respond less to the implications of such a deep di into his affairs than to having to hear about it at all. His annoyance set a small rant. It was not so much about people out to get him—and pe ple were surely out to get him—but that nobody was defending him. T problem was his own people. Especially his lawyers.

Trump wanted his lawyers to "fix" things. "Don't bring me problem bring me solutions," was a favorite CEO bromide that he often repeate He judged his lawyers by their under-the-table or sleight-of-hand ski and held them accountable when they could not make problems disa pear. His problems became *their* fault. "Make it go away" was one of h frequent orders. It was often said in triplicate: "Make it go away, make go away, make it go away."

The White House counsel Don McGahn—representing the Whi

House rather than, in a distinction Trump could never firmly grasp, the president himself—demonstrated little ability to make problems disappear and became a constant brunt of Trump's rages and invective. His legal interpretation of proper executive branch function too often thwarted his boss's wishes.

Dowd and his colleagues, Ty Cobb and Jay Sekulow—the trio of lawyers charged with navigating the president through his personal legal problems—had, on the other hand, become highly skilled in avoiding their client's bad humor, which was often accompanied by menacing, barely controlled personal attacks. All three men understood that to be a successful lawyer for Donald Trump was to tell the client what he wanted to hear.

Trump harbored a myth about the ideal lawyer that had almost nothing to do with the practice of law. He invariably cited Roy Cohn, his old New York friend, attorney, and tough-guy mentor, and Robert Kennedy, John F. Kennedy's brother. "He was always on my ass about Roy Cohn and Bobby Kennedy," said Steve Bannon, the political strategist who, perhaps more than anyone else, was responsible for Trump's victory. "'Roy Cohn and Bobby Kennedy,' he would say. 'Where's my Roy Cohn and Bobby Kennedy?'" Cohn, to his own benefit and legend, built the myth that Trump continued to embrace: with enough juice and muscle, the legal system could always be gamed. Bobby Kennedy had been his brother's attorney general and hatchet man; he protected JFK and worked the back channels of power for the benefit of the family.

This was the constant Trump theme: beating the system. "I'm the guy who gets away with it," he had often bragged to friends in New York.

At the same time, he did not want to know details. He merely wanted his lawyers to assure him that he was winning. "We're killing it, right? That's what I want to know. That's *all* I want to know. If we're not killing it, you screwed up," he shouted one afternoon at members of his ad hoc legal staff.

From the start, it had become a particular challenge to find top lawyers to take on what, in the past, had always been one of the most vaunted of legal assignments: representing the president of the United States. One high-profile Washington white-collar litigator gave Trump a list of twenty

issues that would immediately need to be addressed if he were to ta
on the case. Trump refused to consider any of them. More than a doz
major firms had turned down his business. In the end, Trump was left wi
a ragtag group of solo practitioners without the heft and resources of l
firms. Now, thirteen months after his inauguration, he was facing p
sonal legal trouble at least as great as that faced by Richard Nixon and E
Clinton, and doing so with what seemed like, at best, a Court Street le
team. But Trump appeared to be oblivious to this exposed flank. Ratch
ing up his level of denial about the legal threats around him, he breez
rationalized: "If I had good lawyers, I'd look guilty."

Dowd, at seventy-seven, had had a long, successful legal career, bc
in government and in Washington law firms. But that was in the past. I
was on his own now, eager to postpone retirement. He knew the impo
tance, certainly to his own position in Trump's legal circle, of und
standing his client's needs. He was forced to agree with the presider
assessment of the investigation into his campaign's contact with Russi
state interests: it would not reach him. To that end, Dowd, and the oth
members of Trump's legal team, recommended that the president coo
erate with the Mueller investigation.

"I'm not a target, right?" Trump constantly prodded them.

This wasn't a rhetorical question. He insisted on an answer, and
affirmative one: "Mr. President, you're not a target." Early in his tenu
Trump had pushed FBI director James Comey to provide precisely tl
reassurance. In one of the signature moves of his presidency, he had fir
Comey in May 2017 in part because he wasn't satisfied with the enth
siasm of the affirmation and therefore assumed Comey was plotti
against him.

Whether the president was indeed a target—and it would surely ha
taken a through-the-looking-glass exercise not to see him as the bullse
of the Mueller investigation—seemed to occupy a separate reality fro
Trump's need to be reassured that he was not a target.

"'Trump's trained me," Ty Cobb told Steve Bannon. "Even if it's bi
it's great."

Trump imagined—indeed, with a preternatural confidence, nothi
appeared to dissuade him—that sometime in the very near future he woo

hear directly from the special counsel, who would send him a comprehensive and even apologetic letter of exoneration.

"Where," he kept demanding to know, "is my fucking letter?"

* * *

The grand jury empanelled by Special Counsel Robert Mueller met on Thursdays and Fridays in federal district court in Washington. Its business was conducted on the fifth floor of an unremarkable building at 333 Constitution Avenue. The grand jurors gathered in a nondescript space that looked less like a courtroom than a classroom, with prosecutors at a podium and witnesses sitting at a desk in the front of the room. The Mueller grand jurors were more female than male, more white than black, older rather than younger; they were distinguished most of all by their focus and intensity. They listened to the proceedings with "a scary sort of attention, as though they already know everything," said one witness.

In a grand jury inquiry, you fall into one of three categories. You are a "witness of fact," meaning the prosecutor believes you have information about an investigation at hand. Or you are a "subject," meaning you are regarded as having personal involvement with the crime under investigation. Or, most worrisome, you are a "target," meaning the prosecutor is seeking to have the grand jury indict you. Witnesses often became subjects, and subjects often became targets.

In early 2018, with the Mueller investigation and its grand jury maintaining a historic level of secrecy, no one in the White House could be sure who was what. Or who was saying what to whom. Anyone and everyone working for the president or one of his senior aides could be talking to the special counsel. The investigation's code of silence extended into the West Wing. Nobody knew, and nobody was saying, who was spilling the beans.

Almost every White House senior staffer—the collection of advisers who had firsthand dealings with the president—had retained a lawyer. Indeed, from the president's first days in the White House, Trump's tangled legal past and evident lack of legal concern had cast a shadow on those who worked for him. Senior people were looking for lawyers even as they were still learning how to navigate the rabbit warren that is the West Wing.

In February 2017, mere weeks after the inauguration, and not long

after the FBI had first raised questions about National Security Adv Michael Flynn, Chief of Staff Reince Priebus had walked into Steve I non's office and said, "I'm going to do you a big favor. Give me your ci card. Don't ask me why, just give it to me. You'll be thanking me for rest of your life."

Bannon opened his wallet and gave Priebus his American Exp card. Priebus shortly returned, handed the card back, and said, "You have legal insurance."

Over the next year, Bannon—a witness of fact—spent hundrec hours with his lawyers preparing for his testimony before the sp counsel and before Congress. His lawyers in turn spent ever moun hours talking to Mueller's team and to congressional committee coun Bannon's legal costs at the end of the year came to $2 million.

Every lawyer's first piece of advice to his or her client was blunt unequivocal: talk to no one, lest it become necessary to testify about v you said. Before long, a constant preoccupation of senior staffers in Trump White House was to know as little as possible. It was a wr side-up world: where being "in the room" was traditionally the r sought-after status, now you wanted to stay out of meetings. You wa to avoid being a witness to conversations; you wanted to avoid b witnessed being a witness to conversations, at least if you were sn Certainly, nobody was your friend. It was impossible to know whe colleague stood in the investigation; hence, you had no way of knov how likely it was that they might need to offer testimony about some else—you, perhaps—as the bargaining chip to save themselves by co erating with the special counsel, a.k.a. flipping.

The White House, it rapidly dawned on almost everyone who wo there—even as it became one more reason *not* to work there—was scene of an ongoing criminal investigation, one that could potent ensnare anyone who was anywhere near it.

* * *

The ultimate keeper of the secrets from the campaign, the transition, through the first year in the White House was Hope Hicks, the W House communications director. She had witnessed most everyth

She saw what the president saw: she knew what the president, a man unable to control his own running monologue, knew.

On February 27, 2018, testifying before the House Intelligence Committee—she had already appeared before the special counsel—she was pressed about whether she had ever lied for the president. Perhaps a more accomplished communications professional could have escaped the corner here, but Hicks, who had scant experience other than working as Donald Trump's spokesperson, which, as often as not, meant dealing with his disregard of empirical truth, found herself as though in a sudden and unexpected moral void trying to publicly parse the relative importance of her boss's lies. She admitted to telling "white lies," as in, somehow, less than the biggest lies. This was enough of a forward admission to require a nearly twenty-minute mid-testimony conference with her lawyers, distressed by what she might be admitting and by where any deconstruction of the president's constant inversions might lead.

Not long after she testified, another witness before the Mueller grand jury was asked how far Hicks might go to lie for the president. The witness answered: "I think when it comes to doing anything as a 'yes man' for Trump, she'll do it—but she won't take a bullet for him." The statement could be taken as both a backhanded compliment and an estimate of how far loyalty in the Trump White House might extend—probably not too far.

Almost no one in Trump's administration, it could be argued, was conventionally suited to his or her job. But with the possible exception of the president himself, no one provided a better illustration of this unprepared and uninformed presidency than Hicks. She did not have substantial media or political experience, nor did she have a temperament annealed by years of high-pressure work. Always dressed in the short skirts that Trump favored, she seemed invariably caught in the headlights. Trump admired her not because she had the political skills to protect him, but for her pliant dutifulness. Her job was to devote herself to his care and feeding.

"When you speak to him, open with positive feedback," counseled Hicks, understanding Trump's need for constant affirmation and his almost complete inability to talk about anything but himself. Her attentiveness to Trump and tractable nature had elevated her, at age twenty-nine, to the top White House communications job. And practically speaking,

she acted as his de facto chief of staff. Trump did not want his administration to be staffed by professionals; he wanted it to be staffed by people who attended and catered to him.

Hicks—"Hope-y," to Trump—was both the president's gatekeeper and his comfort blanket. She was also a frequent subject of his prurient interest: Trump preferred business, even in the White House, to be personal. "Who's fucking Hope?" he would demand to know. The topic also interested his son Don Jr., who often professed his intention to "fuck Hope." The president's daughter Ivanka and her husband, Jared Kushner, both White House senior advisers, expressed a gentler type of concern for Hicks; sometimes they would even try to suggest eligible men.

But Hicks, seeming to understand the insular nature of Trumpworld, dated exclusively inside the bubble, picking the baddest boys in it: campaign manager Corey Lewandowski during the campaign and presidential aide Rob Porter in the White House. As the relationship between Hicks and Porter unfolded in the fall of 2017, knowing about the affair became an emblem of Trump insiderness, with special care taken to keep this development from the proprietary president. Or not: other people, assuming that Porter's involvement with Hicks would not at all please Trump, were less than discreet about it.

* * *

In the heightened enmity of the Trump White House, Rob Porter may have succeeded in becoming the most disliked person by everyone except perhaps the president himself. A square-jawed, 1950s-looking guy who could have been a model for Brylcreem, he was almost a laughable figure of betrayal and perfidy: if he *hadn't* stabbed you in the back, you would be forced to acknowledge how unworthy he considered you to be. A sitcom sort of suck-up—"Eddie Haskell," cracked Bannon, citing the early television icon of insincerity and brownnosing featured in *Leave It to Beaver*—he embraced Chief of Staff John Kelly, while at the same time poisoning him with the president. Porter's estimation of his own high responsibilities in the White House, together with the senior-most jobs that the president, he let it be known, was promising him, seemed to put the administration and the nation squarely on his shoulders.

Porter had, before the age of forty, two bitter ex-wives, at least one of whom he had beaten, and both of whom he had cheated on at talk-of-the-town levels. During a stint as a Senate staffer, the married Porter had an affair with an intern, costing him his job. His girlfriend Samantha Dravis had moved in with Porter in the summer of 2017, while, quite unbeknownst to her, he was seeing Hicks. "I cheated on you because you're not attractive enough," he later told Dravis.

In a potentially criminal break of protocol, Porter had gained access to his raw FBI clearance reports and seen the statements of his ex-wives. His most recent ex-wife had also written a blog about his alleged abuse, which, while it did not name him, clearly fingered him. Concerned about the damaging impact his former wives could have on his security review, he recruited Dravis to help him smooth his relationship with both women.

Lewandowski, Hicks's former boyfriend, caught wind of the Hicks-Porter relationship and began working to expose it; by some reports, he got paparazzi to follow Hicks. Though Porter's history of abuse was slowly making its way to the surface as a result of the FBI investigation, the Lewandowski campaign against Hicks cut through many other efforts to cover up Porter's transgressions.

Dravis, in the autumn of 2017, heard the Lewandowski-pushed rumors of the Hicks-Porter relationship. After finding Hicks's number listed under a man's name in Porter's contacts, Dravis confronted Porter, who promptly threw her out. Moving back in with her parents, she began her own revenge campaign, openly talking about Porter's security clearance issues, including to people inside the White House counsel's office, saying he had protection at the highest levels in the White House. Then, along with Lewandowski, Dravis helped leak the details of the Hicks-Porter romance to the *Daily Mail*, which published a story about it on February 1.

But Dravis, joined by Porter's former wives, decided that, outrageously, he had come out looking *good* in the *Daily Mail* account—he was part of a glam power couple! Porter called Dravis to taunt her: "You thought you could get me!" Dravis and his former wives all then publicly revealed their abuse at his hand. His first wife said he kicked and punched her; she even produced a photograph of her black eye. His second wife

informed the media that she had filed an emergency protective orc
against him.

The White House, or at least Kelly—and likely Hicks—had been awa
of many of these claims and, effectively, covered them up. ("You usua
have enough competent people for White House positions to weed out t
wife beaters, but you couldn't be so choosy in the Trump White House," si
one Republican acquaintance of Porter's.) The furor that erupted arou
Porter and his troubling gross-guy history not only annoyed Trump
"He stinks of bad press"—it further weakened Kelly. On February 7, af
both of his former wives gave interviews to CNN, Porter resigned.

A publicity-shy Hicks—Donald Trump put a high value on associa
who did not steal his press opportunities—suddenly found her love l
in the glare of intense international press scrutiny. Her affair with the d
credited Porter highlighted her own odd relationship with the preside
and his family, as well as the haphazard management, interpersonal d
functions, and general lack of political savvy in the Trump court.

* * *

The affair was, curiously, among the least of Hicks's problems. Indeed, I
Hicks the Porter scandal became perhaps a *better* cloud under which
leave the administration than what almost everybody in the West Wi
assumed was the real cloud.

On February 27, a reporter at the Washington insider newsletter *Axi*
Jonathan Swan, a favorite conduit for White House leaks, reported tl
Josh Raffel was leaving the White House. In a novel arrangement, Raf
had come into the White House in April 2017 as the exclusive spokespers
for the president's son-in-law Jared Kushner, and his wife, Ivanka, bypa
ing the White House communications team. Raffel, who, like Kushn
was a Democrat, had worked for Hiltzik Strategies, the New York pub
relations firm that represented Ivanka's clothing line.

Hope Hicks, who had also worked for the Hiltzik firm—perhaps b
known for having long represented the film producer Harvey Weinste
caught, in the fall of 2017, in an epochal harassment and abuse scan
and cover-up—had originally had the same role as Raffel but at a higl
level: she was the personal spokesperson for the president. In Septemb

Hicks had been elevated to White House communications director, with Raffel as her number two.

The trouble had arisen the previous summer. Both Hicks and Raffel had been on Air Force One in July 2017 as the news broke about Donald Trump Jr.'s meeting in Trump Tower during the campaign with Russian government go-betweens offering dirt on Hillary Clinton. During the flight back to the United States after the G20 summit in Germany, Hicks and Raffel aided the president in his efforts to issue a largely false story about the Trump Tower meeting, thus becoming part of the cover-up.

Even though Raffel had been at the White House for a little more than nine months, the *Axios* report said that his departure had been under discussion for several months. That was untrue. It was an abrupt exit.

The next day, just as abruptly, Hope Hicks—the person in the White House closest to the president—resigned as well.

The one person who perhaps knew more than anyone else about the workings of the Trump campaign and the Trump White House was suddenly out the door. The profound concern inside the White House was the reasonable supposition that Hicks and Raffel, both witnesses to and participants in the president's efforts to cover up the details of his son and son-in-law's meeting with the Russians, were subjects or targets of the Mueller investigation—or, worse, had already cut a deal.

The president, effusive in his public praise for Hicks, did not try to talk her out of leaving. In the weeks to come he would mope about her absence—"Where's my Hope-y?"—but, in fact, as soon as he got wind that she might be talking, he wanted to cut her loose and began, in a significant rewrite, downgrading her status and importance on the campaign and in the White House.

Yet here, from Trump's point of view, was a hopeful point about Hicks: as central as she was to his presidency, her duties really only consisted of pleasing him. She was an unlikely agent of grand strategy and great conspiracies. Trump's team was made up of only bit players.

* * *

John Dowd may have been reluctant to give his client bad news, but he well understood the danger of a thorough prosecutor with virtually

unlimited resources. The more a determined team of G-men sifts, strip and inspects, the greater the chance that both methodical and casu crimes will be revealed. The more comprehensive the search, the mo inevitable the outcome. The case of Donald Trump—with his history bankruptcies, financial legerdemain, dubious associations, and gene sense of impunity—certainly seemed to offer prosecutors something an embarrassment of riches.

For his part, however, Donald Trump yet seemed to believe that l skills and instincts were at least a match for all the thoroughness a resources of the United States Department of Justice. He even believ their exhaustive approach would work in his favor. "Boring. Confusi for everybody," he said, dismissing the reports of the investigation pr vided by Dowd and others. "You can't follow any of this. No hook."

One of the many odd aspects of Trump's presidency was that did not see being president, either the responsibilities or the exposu as being all that different from his pre-presidential life. He had endur almost countless investigations in his long career. He had been involv in various kinds of litigation for the better part of forty-five years. He w a fighter who, with brazenness and aggression, got out of fixes that wou have ruined a weaker, less wily player. That was his essential busin strategy: what doesn't kill me strengthens me. Though he was wound again and again, he never bled out.

"It's playing the game," he explained in one of his frequent mor logues about his own superiority and everyone else's stupidity. "I'm go at the game. Maybe I'm the best. Really, I could be the best. I think I a the best. I'm very good. Very cool. Most people are afraid that the wo might happen. But it doesn't, unless you're stupid. And I'm not stupid."

In the weeks after his first anniversary in office, with the Muel investigation in its eighth month, Trump continued to regard the sp cial counsel's inquiry as a contest of wills. He did not see it as a war attrition—a gradual reduction of the strength and credibility of the t get through sustained scrutiny and increasing pressure. Instead, he sav situation to confront, a spurious government undertaking that was v nerable to his attacks. He was confident he could jawbone this "wit hunt"—often tweeted in all-caps—to at least a partisan draw.

He remained irritated by efforts to persuade him to play the game in the usual Washington way—mounting a disciplined legal defense, negotiating, trying to cut his losses—rather than his way. This was disconcerting to many of the people closest to him, but it alarmed them more to see that as Trump's indignation and sense of personal insult rose, so did his belief in his own innocence.

* * *

By the end of February, in addition to the Mueller grand jury indictments of a group of Russian nationals for illegal activities involved with efforts by the Russian government to influence the U.S. election, Mueller had reached several levels into the Trump circle. Among those who were indicted or who had pled guilty to felonies were his former campaign manager Paul Manafort, his former national security advisor Michael Flynn, the eager-beaver junior adviser George Papadopoulos, and Manafort's business partner and campaign official Rick Gates. This series of legal moves could be classically read as a methodical, step-by-step approach to the president's door. Or, from the Trump camp's point of view, it could be seen as a roundup of the sorts of opportunists and hangers-on who had always trailed Trump.

The doubts about the usefulness of Trump's hangers-on was an implicit part of their usefulness: they could be shrugged off and disavowed at any time, which is what promptly happened at the least sign of trouble. The Trumpers swept up by Mueller were all declared wannabe and marginal players. The president had never met them, could not remember them, or had a limited acquaintance with them. "I know Mr. Manafort—I haven't spoken to him in a long time, but I know him," declared a dismissive Trump, pulling a line from the "who dat?" page of his playbook.

The difficulty in proving a conspiracy is proving intent. Many of the president's inner circle believed that Trump, and the Trump Organization, and by extension the Trump campaign, operated in such a diffuse, haphazard, gang-that-couldn't-shoot-straight manner that intent would be very difficult to establish. What's more, the Trump hangers-on were so demonstrably subpar players that stupidity could well be a reasonable defense against intent.

Many in the Trump circle agreed with their boss: they believed tha whatever idiotic moves had been made by idiotic Trump hands, the Rus sia investigation was too abstruse and nickel-and-dime to ultimately stick At the same time, many, and perhaps all, were privately convinced tha a deep dive—or, for that matter, even a cursory inspection—of Trump' financial past would yield a trove of overt offenses, and likely a pattern o career corruption.

It was hardly surprising, then, that ever since the beginning of th special counsel's investigation, Trump had tried to draw a line in the san between Mueller and Trump family finances, openly threatening Muelle if he went there. Trump's operating assumption remained that the specia counsel was afraid of him, conscious of where and how his toleranc might end. Trump was confident that the Mueller team could be made t understand its limits, by either wink-wink or unsubtle threat.

"They know they can't get me," he told one member of his circl of after-dinner callers, "because I was never involved. I'm not a targe There's nothing. I'm not a target. They've told me, I'm not a target. An they know what would happen if they made me a target. Everybod understands everybody."

* * *

Books and newspaper stories about Trump's forty-five years in busine were full of his shady dealings, and his arrival in the White House on helped to highlight them and surface even juicier ones. Real estate w the world's favorite money-laundering currency, and Trump's B-level re estate business—relentlessly marketed by Trump as triple A—was qui explicitly designed to appeal to money launderers. What's more, Trump own financial woes, and desperate efforts to maintain his billionaire lif style, cachet, and market viability, forced him into constant and unsubt schemes. In the high irony department, Jared Kushner, when he was law school, and before he met Ivanka, identified, in a paper he wrot possible claims of fraud against the Trump Organization in a particul real estate deal he was studying—a subject now of quite some amuseme among his acquaintances at the time. Practically speaking, Trump hid plain sight, as the prosecutors appeared to be finding.

HOUSE_OVERSIGHT_021130

In November 2004, for instance, Jeffrey Epstein, the financier later caught in a scandal involving underage prostitutes, agreed to purchase from bankruptcy a house in Palm Beach, Florida, for $36 million, a property that had been on the market for two years. Epstein and Trump had been close friends—playboys in arms, as it were—for more than a decade, with Trump often seeking Epstein's help with his chaotic financial affairs. Soon after negotiating the deal for the house in Palm Beach, Epstein took Trump to see it, looking for advice on construction issues involved with moving the swimming pool. But as he prepared to finalize his purchase for the house, Epstein discovered that Trump, who was severely cash-constrained at the time, had bid $41 million for the property and bought it out from under Epstein through an entity called Trump Properties LLC, entirely financed by Deutsche Bank, which was already carrying a substantial number of troubled loans to the Trump Organization and to Trump personally.

Trump, Epstein knew, had been loaning out his name in real estate deals—that is, for an ample fee, Trump would serve as a front man to disguise the actual ownership in a real estate transaction. (This was, in a sense, another variation of Trump's basic business model of licensing his name for commercial properties owned by someone else.) A furious Epstein, certain that Trump was merely fronting for the real owners, threatened to expose the deal, which was getting extensive coverage in Florida papers. The fight became all the more bitter when, not long after the purchase, Trump put the house on the market for $125 million.

But if Epstein knew some of Trump's secrets, Trump knew some of Epstein's. Trump often saw the financier at Epstein's current Palm Beach house, and Trump knew that Epstein was visited almost every day, and had been for many years, by girls he'd hired to give him massages that often had happy endings—girls recruited from local restaurants, strip clubs, and, also, Trump's own Mar-a-Lago. Just as the enmity between the two friends increased over the house purchase, Epstein found himself under investigation by the Palm Beach police. And as Epstein's legal problems escalated, the house, with only minor improvements, was acquired for $96 million by Dmitry Rybolovlev, an oligarch who was part of the close Putin circle of government-aligned industrialists in Russia, and who,

in fact, never moved into the house. Trump had, miraculously, earned $55 million without putting up a dime. Or, more likely, Trump merely earned a fee for hiding the real owner—a shadow owner quite possibly being funneled cash by Rybolovlev for other reasons beyond the value of the house. Or, possibly, the real owner and real buyer were one and the same. Rybolovlev might have, in effect, paid himself for the house, thereby cleansing the additional $55 million for the second purchase of the house.

This was Donald Trump's world of real estate.

* * *

As though using mind-control tricks, Jared Kushner had become highly skilled at containing his deep frustration with his father-in-law. He stayed expressionless—sometimes he seemed almost immobile—when Trump went off the rails, unleashing tantrums or proposing dopey political or policy moves. Kushner, a courtier in a crazy court, was possessed of an eerie calmness and composure. He was also very worried. It seemed astounding and ludicrous that this fig-leaf technicality—"You're not a target, Mr. President"—could offer his father-in-law such comfort.

Kushner understood that Trump was surrounded by a set of mortal arrows, any of which might kill him: the case for obstruction; the case for collusion; any close look at his long, dubious financial history; the always-lurking issues with women; the prospects of a midterm rout and the impeachment threat if the midterm elections went against them; the fickleness of the Republicans, who might at any time turn on him; and the senior staffers who had been pushed out of the administration (Kushner had urged the ouster of many of them), any of whom might testify against him. In March alone, Gary Cohn, the president's chief economic adviser, Rex Tillerson, the secretary of state, and Andrew McCabe, the deputy director of the FBI—each man bearing the president deep contempt—were pushed from the administration.

But the president was in no mood to hear Kushner's counsel. Never entirely trusted by his father-in-law—in truth, Trump trusted no one except, arguably, his daughter Ivanka, Kushner's wife—Kushner now found himself decidedly on the wrong side of Trump's red line of loyalty.

As a family insider, Kushner, in a game of court politics so vicious that, in another time, it might have yielded murder plots, had appeared to triumph over his early White House rivals. But Trump invariably soured on the people who worked for him, just as they soured on him, not least because he nearly always came to believe that his staff was profiting at his expense. He was convinced that everyone was greedy, and that sooner or later they would try to take what was more rightfully his. Increasingly, it seemed that Kushner, too, might be just another staff member trying to take advantage of Donald Trump.

Trump had recently learned that a prominent New York investment fund, Apollo Global Management, led by the financier Leon Black, had provided the Kushner Companies—the family real estate group that had been managed by Kushner himself while his father, Charlie, was in federal prison—with $184 million in financing.

This was troubling on many levels, and it left a vulnerable Kushner open to more questions about the conflicts between his business and his position in the White House. During the transition, Kushner had offered Apollo's cofounder Marc Rowan, the job of director of the Office of Management and Budget. Rowan initially accepted the job, declining it only after Apollo chairman Leon Black objected to what would have to be disclosed about Rowan's and the firm's investments.

But the president-elect's concerns were elsewhere: he was more keenly and furiously focused on the fact that, in the constant search for financings that occur in mid-tier real estate companies like Trump's, Apollo had never extended itself for the Trump Organization. Now, it seemed baldly apparent, Apollo was backing the Kushners solely because of the family's connection to the administration. The constant accounting in Trump's head of who was profiting from whom, and his sense of what he was therefore owed for creating the circumstances by which everyone could profit, was one of the things that reliably kept him up at night.

"You think I don't know what's going on?" Trump sneered at his daughter, one of the few people he usually went out of his way to try to mollify. *"You think I don't know what's going on?"*

The Kushners had gained. He had not.

The president's daughter pleaded her husband's case. She spoke of the

incredible sacrifice the couple had made by coming to Washington. A
for what? "Our lives have been destroyed," she said melodramatically
and yet with some considerable truth. The former New York socialit
had been reduced to potential criminal defendants and media laughir
stocks.

After a year of friends and advisers whispering that his daughter a
son-in-law were at the root of the disarray in the White House, Trur
once again was thinking they should never have come. Revising histo
he told various of his late-night callers that he had *always* thought th
never should have come. Over his daughter's bitter protests, he declin
to intercede in his son-in-law's security clearance issues. The FBI h
continued to hold up Kushner's clearance—which the president, at
discretion, could approve, his daughter reminded him. But Trump
nothing, letting his son-in-law dangle in the wind.

Kushner, with superhuman patience and resolve, waited for his opp
tunity. The trick among Trump whisperers was how to focus Trum
attention, since Trump could never be counted on to participate in a
thing like a normal conversation with reasonable back-and-forth. Spc
and women were reliable subjects; both would immediately engage h
Disloyalty also got Trump's attention. So did conspiracies. And mone
always money.

* * *

Kushner's own lawyer was Abbe Lowell, a well-known showboat of
D.C. criminal bar who prided himself on, and managed his clients' exp
tations and attention with, an up-to-the-minute menu of rumors
insights about what gambit or strategy prosecutors were about to dish
The true edge provided by a high-profile litigator was perhaps not co
room skill but backroom intelligence.

Lowell, adding to the reports Dowd had received, told Kushner t
prosecutors were about to substantially deepen the president's—and
Trump family's—jeopardy. Dowd had continued to try to mollify the pr
dent, but Kushner, with intel supplied by Lowell, went to his father-in-law v
reports about this new front in the legal war against him. Sure enough
March 15 the news broke that the special counsel had issued a subpo

for the Trump Organization records: it was a deep and encompassing order, reaching many years back.

Kushner also warned his father-in-law that the investigation was about to spill over from the Mueller team, with its narrow focus on Russian collusion, to the Southern District of New York—that is, the federal prosecutor's office in Manhattan—which would not be restricted to the Russia probe. This was a work-around intended to circumvent the special counsel's restriction to Russia-related matters, but also an effort by the Mueller team to short-circuit any attempt by the president to disband or curtail its investigation. By moving parts of the investigation to the Southern District, Mueller, as Kushner explained to Trump, was ensuring that the investigation of the president would continue even without the special counsel. Mueller was playing a canny, or ass-protecting, game, while also following precise procedures: even as he focused on the limited area of his investigation, he was divvying up evidence of other possible crimes and sending it out to other jurisdictions, all of which were eager to be part of the hunt.

It gets worse, Kushner told Trump.

The Southern District was once run by Trump's friend Rudy Giuliani, the former mayor of New York. In the 1980s, when Giuliani was the federal prosecutor—and when, curiously, James Comey had worked for him—the Southern District became the premier prosecutor of the Mafia and of Wall Street. Giuliani had pioneered using a draconian, and many believed unconstitutional, interpretation of the RICO (Racketeer Influenced and Corrupt Organizations) Act against the Mob. He used the same interpretation against big finance, and in 1990 the threat of a RICO indictment, under which the government could almost indiscriminately seize assets, brought down the investment bank Drexel Burnham Lambert.

The Southern District had long been worrisome to Trump. After his election, he had an unseemly meeting with Preet Bharara, the federal prosecutor there, a move whose optics were alarming to all of his advisers, including Don McGahn and the incoming attorney general, Jeff Sessions. (The meeting foreshadowed the one Trump would shortly have with Comey, during which he sought a pledge of loyalty in return for job security.) His meeting with Bharara was unsatisfactory: Bharara was unwilling to humor him—or, shortly, even to return his calls. In March 2017, Trump fired him.

Now, said Kushner, even without Bharara, the Southern District was looking to treat the Trump Organization as a Mob-like enterprise; its lawyers would use the RICO laws against it and go after the president as if he were a drug lord or Mob don. Kushner pointed out that corporations had no Fifth Amendment privilege, and that you couldn't pardon a corporation. As well, assets used in or derived from the commission of a crime could be seized by the government.

In other words, of the more than five hundred companies and separate entities in which Donald Trump had been an officer, up until he became president, many might be subject to forfeiture. One potential casualty of a successful forfeiture action was the president's signature piece of real estate: the government could seize Trump Tower.

* * *

In mid-March, a witness with considerable knowledge of the Trump Organization's operations traveled by train to Washington to appear before the Mueller grand jury. Picked up at Union Station by the FBI, the witness was driven to the federal district court. From 10:00 a.m. to 5:00 p.m., two prosecutors on the Mueller team, Aaron Zelinsky and Jeannie Rhee, reviewed with the witness, among other issues, the structure of the Trump Organization.

The prosecutors asked the witness about the people who regularly talked to Trump, how often they met with him, and for what purposes. They also asked how meetings with Trump were arranged and where they took place. The witness's testimony yielded, among other useful pieces of information, a signal fact: all checks issued by the Trump Organization were personally signed by Donald Trump himself.

The Trump Organization's activities in Atlantic City were a particular subject of interest that day. The witness was asked about Trump's relationship with known Mafia members—not *if* he had such relationships, but the nature of the relationships prosecutors already knew existed. The prosecutors also wanted to know about Trump Tower Moscow, a project

pursued by Trump for many years—pursued, in fact, well into the 2016 campaign—albeit never brought to fruition.

Michael Cohen, Trump's personal lawyer and a Trump Organization officer, was another significant topic. The prosecutors asked questions about the level of Cohen's disappointment at not being included in the president's White House team. They seemed to be trying to gauge how much resentment Cohen felt, which led the witness to infer that they wanted to estimate how much leverage they might have if they attempted to flip Michael Cohen against the president.

Zelinsky and Rhee wanted to know about Jared Kushner. And they wanted to know about Hope Hicks.

The two prosecutors also delved into the president's personal life. How often did he cheat on his wife? With whom? How were trysts arranged? What were the president's sexual interests? The Mueller investigation, and its grand jury, was becoming a clearing house for the details of Trump's long history of professional and personal perfidiousness.

When the long day was finally over, the witness left the grand jury room shocked—not so much by what the prosecutors wanted to know but by what they already knew.

* * *

By the third week of March, Trump's son-in-law had the president's full attention. "They can not only impeach you, they can bankrupt you" was Kushner's message.

Agitated and angry, Trump pressed Dowd for more reassurances, holding him accountable for the prior reassurances Trump had frequently demanded he be given. Dowd held firm: he yet believed that the fight was in its early stages and that Mueller was still on a fishing expedition.

But Trump's patience was finally at an end. He decided that Dowd was a fool and should go back into the retirement from which, Trump kept repeating, he had rescued him. Indeed, resisting that retirement, Dowd pleaded his own case, assuring the president that he could continue to provide him with valuable help. To no avail: on March 22, Dowd reluctantly resigned, sending another bitter former Trumper into the world.

2

THE DO-OVER

The day John Dowd was fired, Steve Bannon was sitting at his dinin room table trying to forestall another threat to the Trump pres dency. This one wasn't about a relentless prosecutor but rather a betrayı base. It was about the Wall that wasn't.

The town houses on Capitol Hill, middle-class remnants of the nin teenth century, are cramped up-and-down affairs of modest parlor floo nook-y sitting rooms, and small bedrooms. Many serve as headquarte for causes and organizations that can't afford Washington's vast amou of standard-issue office real estate. Some double as housing for th organization's leaders. Many represent amateur efforts or eccentric pu suits, often a kind of shrine to hopes and dreams and revolutions yet occur. The "Embassy" on A Street—a house built in 1890 and the forn location of Bannon's Breitbart News—was where Bannon had lived a worked since his exile from the White House in August 2017. It was p frat house, part man cave, and part pseudo-military redoubt; conspir literature was scattered about. Various grave and underemployed you men, would-be militia members, loitered on the steps.

The Embassy's creepiness and dark heart were in quite stark contr to Bannon's expansive and merry countenance. He might be in exile fr the Trump White House, but it was an ebullient banishment, coffee-fue or otherwise.

In the last few weeks, he had helped install his allies—and first-draft choices during the presidential transition—in central posts in the Trump administration. Mike Pompeo had recently been named secretary of state, John Bolton would soon become the national security advisor, and Larry Kudlow had been appointed director of the National Economic Council. The president's chief political aides were Corey Lewandowski and David Bossie, both Bannon allies, if not acolytes; both operated outside the White House and were frequent visitors at the Embassy. Many of the daily stream of White House defenders on cable television—the surrogates—were Bannon people carrying Bannon's message as well as the president's. What's more, his enemies in the White House were moving out, including Hope Hicks, H. R. McMaster, the former national security advisor, and the ever shrinking circle of allies supporting the president's son-in-law and daughter.

Bannon was often on the road. He was in Europe meeting with the rising populist right-wing groups, and in the U.S. meeting with hedge funders desperate to understand the Trump variable. He was also looking for every opportunity to try to convince liberals that the populist way ought to be their way, too. Early in the year, Bannon went to Cambridge to see Larry Summers, who had been Bill Clinton's Treasury secretary, Barack Obama's director of the National Economic Council, and, for a time, president of Harvard. Summers's wife refused to allow Bannon into their home, so the meeting happened at Harvard instead. Summers was mis-shaven and wearing a shirt that was missing a button or two, while Bannon was sporting his double-shirt getup, cargo pants, and a hunting jacket. "Both of them looked like Asperger guys," said one of the people at the meeting.

"Do you fucking realize what your fucking friend is doing?" yelled Summers about Trump and his administration. "You're fucking the country!"

"You elite Democrats—you only care about the margins, people who are rich or people who are poor," returned Bannon.

"Your trade mumbo jumbo will sink the world into a *depression*," thundered Summers.

"And you've exported U.S. jobs to China!" declared a delighted Bannon, always enjoying the opportunity to joust with a member of the establishment.

Bannon was—or at least saw himself to be—a fixer, power broker and kingmaker without portfolio. He was a cockeyed sort of Clark Clifford, that political eminence and influence peddler of the 1960s and '70s. Or a wise man of the political fringe, if that was not an ultimate kind of contradiction. Or the head of an auxiliary government. Or, perhaps something truly sui generis: no one quite like Bannon had ever played such a central role in America's national political life, or been such a thorn in the side of it. As for Trump, with friends like Bannon, who needed enemies?

The two men might be essential to each other, but they reviled and ridiculed each other, too. Bannon's constant public analysis of Trump's confounding nature—both its comic and harrowing components, the behavior of a crazy uncle—not to mention his indiscreet diatribes on the inanities of Trump's family, continued to further alienate him from the president. And yet, though the two men no longer spoke, they hung on each other's words—each desperate to know what one was saying about the other.

Whatever current feeling Bannon might have for Trump—his mood ranged from exasperation to fury to disgust to incredulity—he continued to believe that nobody in American politics could match Trump's midway-style showmanship. Yes, Donald Trump had restored *showmanship* to American politics—he had taken the wonk out of politics. In sum he knew his audience. At the same time, he couldn't walk a straight line. Every step forward was threatened by his next lurch. Like many great actors, his innate self-destructiveness was always in conflict with his keen survival instincts. Some around the president merely trusted that the latter would win over the former. Others, no matter the frustration of the effort, understood how much he needed to be led by unseen hands—unseen being the key attribute.

With no one to tell him otherwise, Bannon continued, unseen, to conduct the president's business from his dining-room table on A Street

* * *

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That afternoon, a bipartisan Congress with surprising ease had passed the $1.3 trillion 2018 appropriations bill. "McConnell, Ryan, Schumer, and Pelosi," said Bannon about the Republican and Democratic congressional leadership, "in their singular moment of bipartisan magnanimity, put one over on Trump."

This legislative milestone was a result of Trump's disengagement and everybody else's attentive efforts. Most presidents are eager to get down into the weeds of the budget process. Trump took little or no interest. Hence the Republican and Democratic leadership—here supported by the budget and legislative teams in the White House—were able to pass an enormous spending bill that failed to fund Trump's must-must item, the holy grail Wall, that prospective two-thousand-mile monument meant to run the entire length of the border between the United States and Mexico. Instead, the bill provided only $1.6 billion for border security. The current bill was in effect the same budget bill that had been pushed forward at the end of the previous September, when the Wall had once again not been funded. In the fall, Trump had agreed to have the Republican-controlled Congress vote to extend the September budget bill. The *next* time it came up, the Wall would be funded or, he threatened, the government would be shut down.

Even the hardest-core Trumpers in Congress seemed content not to have to die on the actual battlefield of funding the Wall, since that would mean embracing or at least enduring an always politically risky shutdown. Trump, too, in his way, seemed to understand that the Wall was more myth than reality, more slogan than actual plan. The Wall was ever for another day.

On the other hand, it was unclear what the president understood. "We've gotten the budget," he privately told his son-in-law at the end of the March budget negotiations. "We've gotten the Wall, totally."

* * *

On Wednesday, March 21, the day before the final vote, Paul Ryan, the Speaker of the House, had come to the White House to receive the president's blessings on the budget bill.

"Got $1.6 Billion to start Wall on Southern Border, rest will be forthcoming," the president shortly tweeted.

The White House had originally asked for $25 billion for the Wall, although high-end estimates of the Wall's ultimate cost came in at $70 billion. Even then, the $1.6 billion in the appropriations bill was not so much for the Wall as for better security measures.

As the final vote neared, a gentlemen's agreement appeared to have been reached, one that extended to every corner of the government—with, it even seemed, Trump's own tacit support, or at least his convenient distraction. The understanding was straightforward: whatever their stripe, members of Congress would not blow up the appropriations process for the Wall.

There were, too, Republicans like Ryan—with the backing of Republican donors such as Paul Singer and Charles Koch—who were eager to walk back, by whatever increment possible, Trump's hard-line immigration policies and rhetoric. Ryan and others had devised a simple method for accomplishing this kind of objective: you agreed with him and then ignored him. There was happy talk, which Trump bathed in, followed by practical steps, which bored him.

That Wednesday, Trump made a series of calls to praise everyone's work on the bill. The next morning, Ryan, in a televised news conference to seal the deal, said, "The president supports this bill, there's no two ways about it."

Here were the twin realities. The Wall was the most concrete manifestation of Trumpian policy, attitude, belief, and personality. At the same time, the Wall forced every Republican politician to come to terms with his or her own common sense, fiscal prudence, and political flexibility.

It was not just the expense and impracticality of the Wall, it was having to engage in a battle for it. A government shutdown would mean a high-stakes face-off between the Trump world and the non-Trump world. Should this come to pass, it would potentially be as dramatic a moment as any that had occurred since the election of 2016.

If the Democrats wanted to harden the partisan division and were eager to find yet another example—perhaps the mother of all examples—of Trump at his most extreme, a shutdown over the Wall would hand them one. If the Republicans wanted to shift the focus from a full barbarian Trump to, say, the tax bill the Congress had recently passed

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shutting down the government would sweep that approach right off the table.

The White House, quite behind Trump's back, was aggressively working to pass the appropriations bill and avoid a shutdown. The vice president gave Trump the same assurance he had been given previously when a budget had been passed without full funding for the Wall: Pence said the bill provided a "down payment" for the Wall, a phrase whose debt-finance implications seemed to amply satisfy the president and which he repeated with great enthusiasm. Marc Short, the White House director of legislative affairs, and Mick Mulvaney, the director of the Office of Management and Budget, in a joint appearance in the White House briefing room that Thursday, shifted the debate from the Wall to the military. "This bill will provide the largest year-over-year increase in defense spending since World War II," said Mulvaney. "It'll be the largest increase for our men and women in uniform in salary in the last ten years."

* * *

The attempt to distract the Trumpian base with these bromides utterly failed. The hard-core cadre insisted on forcing the issue, and Bannon was delighted to serve as their general.

Within minutes of the budget bill's passage on March 22, Bannon, in the Embassy, began working the phones. Calling Trump's most ardent supporters, his goal was to "light him up." The effect was nearly immediate: an unsuspecting Trump started to hear from many of those on his noisy back bench, who were suddenly furious.

Bannon understood what moved Trump. Details did not. Facts did not. But a sense that something valuable might be taken from him immediately brought him up on his hind legs. If you confronted him with losing, he would turn on a dime. Indeed, turning on a dime was his only play. "It's not that he needs to win the week, or day, or even the hour," reflected Bannon. "He needs to win the *second*. After that, he drifts."

For the hard-core Trumpers, it was back to a fundamental through line of Trumpism: you had to constantly remind Trump which side he was on. As Bannon organized a howling protest from the president's base,

he took stock of the Trump reality: "There simply is not going to be a Wall, ever, if he doesn't have to pay a political price for there not being a Wall."

If the Wall was not under way by the midterm elections in November, it would show Trump to be false and, worse, weak. The Wall needed to be real. The absence of the Wall in the spending bill was just what it seemed to be: Trump out to lunch. Trump's most effective message, the forward front of the Trump narrative—maximal aggression toward illegal immigrants—had been muted. And this had happened without him knowing it.

* * *

The night of the twenty-second, the Fox News lineup—Tucker Carlson, Laura Ingraham, and Sean Hannity—hammered the message: betrayal.

The battle was on. The Republican leadership on the Hill, along with the donor class, stood sober and pragmatic in the face of both political realities and the prospect of unlimited billions in government spending—with, certainly, no illusions that Mexico was going to pay for the Wall. Opposing them were the Fox pundits, righteous and unyielding in their appeal to the true emotion of Trumpism.

The personal transformation of Trump over the course of the evening was convulsive. All three Fox pundits delivered a set of electric shocks, each rising in current. Trump had sold out the movement. Or, worse, Trump had been outsmarted and outwitted. Trump, on the phone, roared in pain and fury. He was the victim. He had no one in his corner. He could trust no one. The congressional leadership: against him. The White House itself: against him. Betrayal? Almost everyone in the White House had betrayed *him*.

The next morning it got worse. Pete Hegseth, the most obsequious of the Fox Trump lovers, seemed, on *Fox & Friends*, nearly brought to tears by Trump's treachery.

Then, almost simultaneously with Hegseth's wailing, Trump abruptly—confoundingly—shifted position and tweeted that he was considering vetoing the appropriations bill. The same bill that, twenty-four hours before, he had embraced.

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That Friday morning, he came down from the residence into the Oval Office in a full-on rage so violent that, for a moment, his hair came undone. To the shock of the people with him, there stood an almost entirely bald Donald Trump.

The president's sudden change of heart sent the entire Republican Party into a panic. If Trump carried out his threat not to sign the bill, he would bring on what they most feared: a shutdown. And he might well blame the shutdown on his own party.

Mark Meadows, the head of the House Freedom Caucus and a staunch Trump ally in Congress, called the president from Europe to say that after the vote on Thursday afternoon most members had left town for the congressional recess. Congress wouldn't be able to undo the previous day's vote, and the shutdown was due to commence in mere hours.

Mitch McConnell rushed Defense Secretary Jim Mattis into action to tell the president that American soldiers would not be paid the next day if he didn't sign the bill. This was a repeat performance: Mattis had issued a similar warning during a threatened shutdown in January.

"*Never . . . never . . . never . . . again*," Trump shouted, pounding the desk after each "never."

Once again he caved and agreed to sign the bill. But he vowed that next time there would be billions upon billions for the Wall or there really would be a shutdown. Really. *Really.*

* * *

Bannon had been here before, so many times.

"Dude, he's Donald fucking Trump," said Bannon, holding his head and sitting at his table in the Embassy the day after the president signed the bill.

Bannon was not confused: he had a clear understanding of how great a liability Trump could be to Bannon's own vision and career. To the nervous titters of the people around him, Bannon believed he was the man of populist destiny and not Donald Trump.

The urgency here was real. Bannon believed he represented the workingman against the corporate-governmental-technocratic machine whose constituency was the college-educated. In Bannon's romantic view,

the workingman smelled of cigarettes, crushed your hand in his, and was hard as brick—and not from working out in a gym. This remembrance of things past, of (if it ever existed) a leveled world where a workingmar was proud of his work and identity, was inspiring, Bannon believed, a global anger. It was a revolution—this worldwide unease and fear an day-by-day upending of liberal assumptions—and it was his. The globa hegemon was in his sights. He was the man behind the curtain—and h might as well be in front of it, too—trying to snatch the world back fron its postmodern anomie and restore something like the homogenized an neighborly embrace of 1962.

And China! And the coming Götterdämmerung! To Bannon, thi was way-of-life stuff. China was the Russia of 1962—but smarter, mor tenacious, and more threatening. American hedge funders, in their secr support of China against the interests of the American middle class, wer the new fifth column.

How much of this did Trump understand? How much was Trum committed to the ideas that moved Bannon and, by some emotion osmosis, the base? Trump was more than a year in, and not a shovelful dirt had yet been dug for the Wall, nor a penny allocated. The Wall ar so much else that was part of Bannon's populist revolution—the detai of which he had once listed on whiteboards in his White House offic expecting to check each one off—were entirely captive to Trump's inatte tion and wild mood swings. Trump, Bannon had long ago learned, "does give a fuck about the agenda—he doesn't know what the agenda *is*."

* * *

In late March, after the gloom of the budget bill disaster had lifted, the was a brief, optimistic moment for the faithful in Trump's inner circle.

Chief of Staff John Kelly, fed up with Trump—just as Trump was f up with him—seemed surely on the way out. Kelly had joined the Wh House, replacing Reince Priebus, Trump's first chief of staff, in Augu 2017, charged with bringing management discipline to a chaotic W Wing. But by mid-fall, Trump was circumventing Kelly's new pro dures. Jared and Ivanka—with many of the new rules designed to c tail their open access to the president—were going over his head.

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the end of the year, Trump was casually mocking his chief of staff and his penchant for efficiency and strict procedures. Indeed, both men were openly trashing each other, quite unmindful of the large audience for their slurs. For Trump, Kelly was a "twitcher" and "feeble" and ready to "stroke out." For Kelly, Trump was "deranged" and "mad" and "stupid."

The drama just got weirder.

In February, Kelly, a retired four-star general, grabbed Trump adviser Corey Lewandowski outside the Oval Office and pushed him up against a wall. "Don't look him in the eye," whispered Trump about Kelly after the incident, circling his finger next to his head in the crazy sign. The confrontation left everybody shaken, with Trump asking Lewandowski not to tell anyone, and Lewandowski, when talking to the people he did tell, saying that he had almost wet himself.

By March, Trump and Kelly were hardly speaking. Trump ignored him; Kelly sulked. Or Trump would drop pointed hints that Kelly should resign, and Kelly would ignore him. Everyone assumed the countdown had begun.

Various Republicans, from Ryan to McConnell to their right-wing adversary Mark Meadows, along with Bannon, had gotten behind a plan to push House majority leader Kevin McCarthy for chief of staff. Even Meadows, who hated McCarthy, was all for it. Here finally was a strategy: McCarthy, a top tactician, would refocus an unfocused White House on one mission—the midterms. Every tweet, every speech, every action would be directed toward salvaging the Republican majority.

Alas, Trump didn't want a chief of staff who would focus him. Trump, it was clear, didn't want a chief of staff who would tell him *anything*. Trump did not want a White House that ran by any method other than to satisfy his desires. Someone happened to mention that John F. Kennedy didn't have a chief of staff, and now Trump regularly repeated this presidential factoid.

* * *

The Mueller team, as it pursued the Russia investigation, continued to bump up against Trump's unholy financial history, exactly the rabbit hole

Trump had warned them not to go down. Mueller, careful to protect his own flank, took pains to reassure the president's lawyers that he wasn't pursuing the president's business interests; at the same time, he was passing the evidence his investigation had gathered about Trump's business and personal affairs to other federal prosecutors.

On April 9, the FBI, on instructions from federal prosecutors in New York, raided the home and office of Michael Cohen, as well as a room he was using in the Regency Hotel on Park Avenue. Cohen, who billed himself as Trump's personal lawyer, sat handcuffed for hours in his kitchen while the FBI conducted its search, itemizing and hauling away every electronic device its agents could find.

Bannon, coincidentally, also stayed at the Regency on his frequent trips to New York, and he would sometimes bump into Cohen in the hotel's lobby. Bannon had known Cohen during the campaign, and the lawyer's mysterious involvement in campaign issues often worried him. Now, in Washington, seeing the Cohen news, Bannon knew that another crucial domino had fallen.

"While we don't know where the end is," said Bannon, "we can guess where it might begin: with Brother Cohen."

* * *

On April 11, three weeks after the president signed the budget bill, Paul Ryan—one of the government's most powerful figures given the Republican lock on Washington—announced his plan to leave the Speakership and depart Congress.

"Listen to what Paul Ryan is saying," said Bannon, sitting at his table in the Embassy early that morning. "It's over. Done. Done. And Paul Ryan wants the fuck off the Trump train today."

Ryan had been telling almost anyone who would listen that as many as fifty or sixty House seats would be lost seven months hence in the midterm elections. A Ryan lieutenant, Steve Stivers, chairman of the National Republican Congressional Committee, was estimating a loss of ninety to one hundred seats. At this gloomy hour, it seemed more than possible that the Democrats would eliminate their twenty-three-seat deficit and

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gain a majority greater than the one the Republicans held now. Except, unlike the Republicans, theirs would be a unified party—or at least one that was unified against Donald Trump.

Ryan and Stivers were hardly the only ones seeing such a result. Mitch McConnell was telling donors not to even bother contributing to House races. The money should go to the Senate campaign, where prospects for holding the Republican majority were significantly brighter.

This was, for Donald Trump, in Bannon's view, the most desperate moment in his political career, arguably even worse than the revelation of the *Access Hollywood* grab-them-by-the-pussy tape. He was already on the ropes legally, with Mueller and the Southern District bearing down; now, looking at a likely wipeout in the midterm elections, he was in serious political jeopardy as well.

But Bannon's usual ebullience quickly returned. As he talked his way out of his funk, he became nearly joyful. If the establishment—Democrats, Republicans, moderate thinkers of every sort—believed that Donald Trump needed to be run out of town, then Bannon relished the prospect of defending him. For Bannon, this was the mission, but it was also sport. Bannon thrived on the possibility of upset. His own leap to the world stage had come because the Trump campaign was so deep in hopelessness that he was allowed to take it over. Then, on November 9, 2016, against all odds and expectations, Trump, riding Bannon's campaign—with Bannon's primacy soon one of the bitterest pills for Trump to swallow—won the presidency. Now, even with almost every indicator for the November elections looking bleak, Bannon believed he could yet see how Republican losses could be held to under the twenty-three seats needed to save the House majority. Still, it was going to be a grinding fight.

"When Trump calls his New York friends after dinner and whines that he doesn't have a friend in the world, he's kind of right," said a mordant Bannon.

Bannon viewed the case against Donald Trump as both inherently political—his enemies willing to do whatever it took to bring him down—and essentially true. He had little doubt that Trump was guilty of most of what he was accused of. "How did he get the dough for the primary and

then for the general with his 'liquidity' issues?" asked Bannon with hi hands out and his eyebrows up. "Let's not dwell."

But for Bannon there were two sides in American politics—not s much right and left, but right brain and left brain. The left brain wa represented by the legal system, which was empirical, evidentiary, an methodical; given the chance, it would inevitably and correctly convic Donald Trump. The right side was represented by politics, and therefor by voters who were emotional, volatile, febrile, and always eager to throv the dice. "Get the deplorables fired up"—he slapped his hands in thunder clap effect—"and we'll save our man."

Almost a year and a half on, all of the issues of 2016 remained a powerful and raw as ever: immigration, white man's resentment, and th liberal contempt for the working—or out-of-work—white man. The yea 2018 was, for Bannon, the real 2016: the deplorable base had become th deplorable nation. "It's civil war," Bannon said, a happy judgment he ofte repeated.

The most resonant issue was Donald Trump himself: the people wh elected him would be galvanized by the effort to take him from them Bannon was horrified by mainstream Republican efforts to run the com ing election on the strength of the recent Republican tax cut. "Are yo kidding? Oh my fucking god, are you kidding?" This election was abou the fate of Donald Trump.

"Let's have a do-over election. That's what the libs want. They ca have it. Let's do it. Up or down, Trump or no Trump."

Impeachment was not to be feared, it was to be embraced. "That what you're voting for: to impeach Donald Trump or to save him fro impeachment."

The legal threat, however, might be moving faster than the electio And to Bannon—who knew more about the president's hankerings, moo swings, and impulse-control issues than almost anyone—you could n have produced a needier or more hapless defendant.

* * *

Since coming aboard in the summer of 2017, the president's legal team—Dowd, Cobb, and Sekulow—had delivered the message their client insiste

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upon hearing, that he was not a target and would shortly be exonerated. But the lawyers went even further with their feel-good strategy.

Presidents, faced with hostile investigations by the other coequal branches of government, Congress and the judiciary, invariably cite executive privilege both as a legitimate principle and as a dilatory tactic. It's a built-in bargaining chip. But Trump's lawyers, hoisted by how often they had to assure the president that he had nothing to fear, supported their confident assessment, to Trump's delight, by dispensing with any claim of executive privilege and willingly satisfying all the special counsel's requests. Trump, in all his dodginess, had become an open book. What's more, Trump himself, ever believing in the force and charm of his own personality, was, with his attorneys' apparent assent, eager to testify.

And yet, Bannon knew, it was still much worse. The president's lawyers had sent more than 1.1 million documents to the special counsel, aided by only a scant document production team. It was just Dowd, Cobb, and two inexperienced assistants. In major litigations, documents are meticulously logged and cross-referenced into elaborate and efficient database systems. Here, they shipped over much of the material merely as attachments, and kept minimal or no records of what exactly had been sent. Few in the White House knew what they had given up and thus what the special counsel had. And the haphazard approach didn't stop there. Dowd and Cobb neither prepared many of the witnesses who had worked for the White House in advance of their testimony to Mueller's team nor debriefed them after they testified.

Bannon was overcome by the hilarity and stupidity of this what-me-worry approach to federal prosecutors whose very reputations depended on nailing the president. Trump needed a plan—which, of course, Bannon had.

Bannon swore that he did not want to go back into the White House. He wouldn't ever, he said. The humiliations of working in Trump's administration had almost destroyed Bannon's satisfaction at having risen so miraculously to the top of the world.

Some, however, were not convinced by his protestations. They believed that Bannon actively fantasized that he would be brought back into the West Wing to save Trump—and that, not incidentally, this would

be his ultimate revenge on Trump, saving him yet again. Bannon certainly believed that he was the only one who could pull off this difficult rescue, a reflection of his conviction that he was the most gifted political strategist of his time, and of his view that Trump was surrounded by only greater and lesser lummoxes.

Trump, Bannon believed, needed a wartime consigliere. And if, he mused, Jared and Ivanka were finally sent packing . . . But no, he insisted, not even then.

Moreover, Trump would not be able to tolerate it. Bannon understood that only Trump could save the day, or at least that Trump *believed* only he could save the day. No other scenario was possible. He would rather lose, would rather even go to jail, than have to share victory with someone else. He was psychologically incapable of not being the focus of all attention.

In the end, it was easier and more productive to give Trump advice at a distance than up close. It was a safer play to do what needed to be done without Trump himself actually being involved with, or even aware of, what was being done.

The morning Ryan announced his retirement from the House, Bannon was particularly eager to send some advice Trump's way. Setting up a deft bank shot, he invited Robert Costa, a reporter for the *Washington Post*, to visit him at the Embassy.

Bannon spent a good part of every day talking to reporters. On some days, perhaps most days, his blind-quote voice—hidden behind a familiar attribution such as "this account is drawn from interviews with current and former officials"—crowded out most other voices on the subject of whatever new crisis was engulfing the Trump administration. These quotes functioned as something like a stage whisper that Trump could pretend he didn't hear. Trump, in fact, was always desperately seeking Bannon's advice, though only if there was the slightest pretext for believing that it came from some place other than Bannon. Indeed, Trump was quite willing to hear Bannon say something in this or that interview and then claim he had thought of it himself.

Costa sat at Bannon's dining-room table for two hours, taking down Bannon's prescription for how to save Trump from himself.

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Trump's stupidity, said Bannon, could sometimes be made into a virtue. Here was Bannon's idea: the president should make a retroactive claim of executive privilege. *I didn't know. Nobody told me. I was ill-advised.*

It was hard not to see Bannon's satisfaction in a prostrate Trump admitting to his own lack of guile and artfulness.

Bannon understood that this claim of retroactive executive privilege would have no chance of success—nor should it. But the sheer audacity of it could buy them four or five months of legal delay. Delay was their friend, possibly their only friend. They could work this claim of retroactive executive privilege, no matter how loopy, all the way to the Supreme Court.

For this plan to work, the president would have to get rid of his inept lawyers. Oh, and he would also have to fire Rod Rosenstein, the deputy attorney general who was overseeing the Mueller investigation. Bannon had been against the firing of Comey, and in the months after the appointment of the special counsel, he had fought the president's almost daily impulse to fire Mueller and Rosenstein, seeing this as the surest invitation to impeachment. ("Just don't pay attention to his crazy shit," he had urged everyone around the president.) But now they had run out of options.

"Firing Rosenstein is our only way out of here," Bannon told Costa. "I don't come to this lightly. As soon as they went to Cohen—that's what they do in Mob prosecutions to get a response from the true target. So you can sit there and get bled out—get indicted, go to grand juries—or you can fight it politically. Get it out of the law-and-order system where we are losing and are going to lose. A new DAG will review where we stand on this thing, which could take a couple of months. Delay, delay, delay—and shift it politically. Can we win? I have no fucking idea. But I know on that other path I'm going to lose. It's not perfect . . . but we live in a world of imperfect."

* * *

Costa's story, which was posted online later that day, described Bannon as "pitching a plan to West Wing aides and congressional allies to cripple the federal probe into Russian interference in the 2016 election, according to four people familiar with the discussions." But however many people

Costa had spoken to about the background machinations of Steve Bannon, what mattered was that he had spoken directly and at length to Bannon himself, who was using the *Washington Post* to pitch a plan to the president.

Bannon's three-part plan for Trump instantly made its way to the Oval Office. And the next morning, the president offered Kushner his view that he should fire Rosenstein, reinstate a claim of executive privilege, and get a tough-guy lawyer.

Kushner, pressing his own strategies, urged his father-in-law to move cautiously when it came to Rosenstein.

"Jared is spooked," said a scornful Trump later that day while on the phone to a confidant. "What a girl!"

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3

LAWYERS

There was a running sweepstakes or office pool for the unhappiest person in the White House. Many had held the title, but one of the most frequent winners was White House counsel Don McGahn. He was a constant target for his boss's belittling, mocking, falsetto-voice mimicry, and, as well, sweeping disparagements of his purpose and usefulness.

"This is why we can't have nice things," McGahn uttered almost obsessively under his breath, quoting the Taylor Swift song to comment on whatever egregious act Trump had just committed ("... because you break them," the song continues).

McGahn's background was largely as a federal election lawyer. Mostly he was on the more-money, less-transparency side—he was against, rather than for, aggressive enforcement of election laws. He served as the counsel to the Trump campaign, arguably among the most careless about election law compliance in recent history. Before joining the Trump administration, McGahn had no White House or executive branch experience. He had never worked in the Justice Department or, in fact, anywhere in government. Formerly an attorney for a nonprofit affiliated with the Koch brothers, he was known as a hyperpartisan: when Obama's White House counsel, Kathy Ruemmler, the previous occupant of McGahn's office, reached out to congratulate him and to offer to be a resource on past practices, McGahn did not respond to her email.

One of McGahn's jobs was to navigate what was possibly the most complicated relationship in modern government: he was the effective point person between the White House and the Department of Justice. Part of his portfolio, then, was to endure the president's constant rage and bewilderment about why the DOJ was personally hounding him, and his incomprehension that he could do nothing about it.

"It's my Justice Department," Trump would tell McGahn, often repeating this more than dubious declaration in his signature triad.

Nobody could quite be certain of the number of times McGahn had had to threaten, with greater or lesser intention, to quit if Trump made good on his threat to fire the attorney general, the deputy attorney general, or the special counsel. Curiously, one defense against the charge that the president had tried to fire Mueller in June 2017 in an effort to end the special counsel's investigation—as the *New York Times* claimed in a January 2018 scoop—was the fact that Trump was almost constantly trying to fire Mueller or other DOJ figures, doing so often multiple times a day.

McGahn's steadying hand had so far helped avert an ultimate crisis. But he had missed or let slip by or simply ignored a number of intemperate, unwise, and interfering actions by the president that might, McGahn feared, comprise the basis of obstruction charges. Deeply involved with the conservative Federalist Society and its campaign for "textualist" judges, McGahn had long dreamed himself of becoming a federal judge himself, but given the no-man's-land he occupied between Trump and the Justice Department—not to mention Trump's sometimes daily attacks on the DOJ's independence, which McGahn had to accept or condone—he knew his future as a jurist was dead.

* * *

Fifteen months into Trump's tenure, the tensions between the administration and the Department of Justice had erupted into open conflict. Now it was war—the White House against its own DOJ.

Here was a modern, post-Watergate paradox: the independence of the Justice Department. The DOJ might be, from every organizational and statutory view, an instrument of the White House, and, as much as any other agency, its mission might appear to be driven by whoever hele

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the presidency. That's what it looked like on paper. But the opposite was true, too. There was a permanent-government class in the Justice Department that believed an election ought to have no role at all in how the DOJ conducted itself. The department was outside politics and ought to be as blind as the courts. In this view, the Justice Department, as the nation's preeminent investigator and prosecutor, was as much a check on the White House, and ought to be as independent of the White House, as the other branches of government. (And within the Justice Department, the FBI claimed its own level of independence from its DOJ masters, as well as from the White House itself.)

Even among those at Justice and the FBI who had a more nuanced view, and who recognized the symbiotic nature of the department's relationship with the White House, there was yet a strong sense of the lines that cannot be crossed. The Justice Department and the FBI had, since Watergate, found themselves accountable to Congress and the courts. Any top-down effort to influence an investigation, or any evidence of having bowed to influence—memorialized in a memo or email—might derail a career.

In February 2018, Rachel Brand, the associate attorney general, a former Bush lawyer who had been nominated for the number three DOJ job by Obama, resigned to take a job as a Walmart lawyer. If Trump had fired Rosenstein during Brand's tenure, she would have become acting attorney general overseeing the Mueller investigation. She told colleagues she wanted to get out before Trump fired Rosenstein and then demanded that she fire Mueller. She would take Bentonville, Arkansas, where Walmart had its headquarters, over Washington, D.C.

For a generation or more, the arm's-length relationship between the White House and the Department of Justice often seemed more like a never-ending conflict between armed camps. Bill Clinton could hardly stomach his attorney general, Janet Reno, having to weather the blowback from her decisions regarding Ruby Ridge, a standoff and deadly overreaction between survivalists and the FBI; Waco, another botched standoff with a Christian cult; and the investigation of Dr. Wen Ho Lee, with the DOJ chastised for its reckless pursuit of a suspected spy. Clinton came very close to firing Louis Freeh, his FBI director, who openly criticized

him, but managed to swallow his rage. Top people from the Bush White House, the FBI, and the Justice Department almost came to literal blows at the bedside of the ailing AG John Ashcroft—James Comey himself standing in the way of the White House representatives trying to get Ashcroft to renew a domestic surveillance program—with the White House finally having to back down. Under Obama, Comey, who by then was the FBI director, made a further grab for the FBI's independence from the Justice Department when he unilaterally decided to end and later reopen the Hillary Clinton email investigation—and, by doing so, arguably tossing the election to her opponent.

Enter Donald Trump, who had neither political nor bureaucratic experience. His entire working life was spent at the head of what was in essence a small family operation, one designed to do what he wanted and to bow to his style of doing business. At the time of his election, he was absent even any theoretical knowledge of modern government and its operating rules and customs.

Trump was constantly being lectured about the importance of "custom and tradition" at the Justice Department. As reliably, he would respond, "I don't want to hear this bullshit!"

He needed, one aide observed, "a hard, black line. Without a hard, black line that he can't cross, he's crossing it."

Trump believed what to him seemed obvious: the DOJ and FBI worked for him. They were under his direction and control. They must do exactly what he demanded of them; they must jump through his hoops. "He reports to me!" an irate and uncomprehending Trump repeated early in his tenure about both his attorney general Jeff Sessions and his FBI director James Comey. "I am the boss!"

"I could have made my brother the attorney general," Trump insisted, although in fact he did not even speak to his brother (Robert, a seventy-one-year-old retired businessman). "Like Kennedy." (Six years after John F. Kennedy appointed his brother Robert attorney general, Congress passed the Federal Anti-Nepotism Statute, called the "Bobby Kennedy law," to prevent exactly this sort of thing in the future—although that did not stop Trump from hiring his daughter and son-in-law as senior advisers.)

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The Billionaire's Playboy Club

By Virginia Roberts

To my true love Robbie who believes in me every step of the way and to all of my children, you are all my very inspirations!

Chapter1

Every single person in this shared world together has a unique story of his or her own to tell, this one is mine.
It was coming up to my third night camping out at Miami Beach in the summer of 1997. I was thirteen years old and hiding from a world full of hurt. Sitting on the shoreline for hours watching the sunset fall deeper into the horizon, my eyes were glazed over with tears, not from being wind-whipped by the rough sea breeze, but from reflecting on the abuse I encountered as a young girl and how everyone in my life who was supposed to be there for me had now turned their backs on me in abandonment. My fears crept up and the excitement of escaping all of them faded now realizing how alone I really was now, and for the hunger that was paining my belly. At this point, with nowhere to go and only time to waste, I wiped the tears from my eyes and set out to find an empathetic person that I could manage to get dinner money from. If not, it wouldn't have been the first time I had gone hungry for the night. I walked to the nearest bus stop and asked a handful of people for any spare change, none of whom that could help me. Sitting down on a nearby curb disappointed in grief of my current state, I put my head into my knees and began to sob.

Out of nowhere, it seemed, a black stretch limousine turned the corner and stopped in front of the curb where I had been hopelessly lost. The back door opened to reveal a heavy weight and balding, old man with a big cheesy smile. Neatly dressed in black trousers and a collared shirt, he was sitting next to a striking young, blonde girl, drop dead beautiful and dressed in a foxy red mini dress she looked like a model just stepping off a runway.

Their smiles greeted me warmly and he kindly asked, "What is such a sweet little girl like you doing sitting alone on the street looking so upset?" Shocked from this strangers concern I was hesitant in telling him the truth. Reluctantly I decided to tell him that I was a runaway, not from around here and really hungry. Hoping at most, I would get some money for food from him. He instantly displayed a chilling excitement and offered me to come into his car so we could talk some more. That

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should've been my first queue to get out of there quick but with no where to go, and so naïve I didn't realize how much worse it could get. Setting foot into that limo, I made my first entrance into a world that would entrap me for many years to come.

He introduced himself immediately as Ron Eppinger, a businessman and owner of a successful modeling agency, called "Perfect 10". Flaunting his oozing wealth by introducing one of his many girlfriends, the beauty next to him was Yana, a supposed model from the Czech Republic who looked like she could be in her early twenties with the heavy load of makeup she was wearing, but really was only in her late teens. She kissed me on both cheeks and politely said "Hello" in a thick Czech accent, making me feel a little more at ease. Convinced it couldn't be that bad there was another girl in the car, right? I couldn't be more wrong.

What he didn't tell me to begin with was that his modeling agency was only posing for an undercover trade. By the time I found out I thought it was too late to run. His business was really an illegal immigrant trafficking ring of young women mostly consisting of underage girls that he was using as escorts to make him uber rich. Only available to a selective clientele costing them anywhere from $1000.00 and over per hour of erotic entertainment, the girls were trained to fulfill every sexual desire asked of them, no matter how bizarre the requests might be. The high paid escorts, for Ron's super rich clientele, such as Yana and many other charismatic beauties would only benefit a fraction of their earnings for themselves, Ron reaping in the majority of the financial rewards and being they were all illegal immigrants they were further trapped by his enslavement.

I proceeded to introduce myself, besides what he had found out about me on the curbside. Telling him my name and a little about how I ended up on the streets explaining that I could take care of myself and didn't need my family or anyone to look after me anymore. Looking back later in life I can now admit I was in a terrible state, but being such a headstrong teenager, I refused to give in. He asked my age and I told him I was sixteen at first. He coyly replied, "Are you sure? I think you could be telling me a fib? How old are you… really? I wont be mad" Being a terrible liar, I knew had been caught out and couldn't deny it any further. I told him the truth and he chuckled then paused and answered in a very serious tone " As long as you never lie to me again I will take you in" Right away I pondered to myself what did he mean…take me in?

He gave the driver the location of our destination and rolled the middle window back up to then tell me a story of how his daughter had passed away seven years ago from a horrific car accident in which four other teens were killed and he has never gotten over it. I reacted with sheer

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EXHIBIT 8

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sympathy and gave him my pity, believing this man had a heart. His next proposal was eerie, he said," If you wanted, I can be your new Daddy. Someone to take care of you and you'll be my new baby forever" he stroked my hair such as a caring parent would comfort a scared child. A part of me wanted to accept his words and believe he really could feel that way, and then I also considered how hard it was living on the streets. In the end I convinced myself this would be the lesser of two evils.

The car stopped at a plaza on the water, surrounded by little boutique shops, restaurants, and little stalls with items for sale like sunglasses and costume jewelry. I didn't know what to say or do or how to act, it all happened so fast I just went along with everything he said, for now.

We went to a take out restaurant and ate on the waterside, and afterwards he took me to G.A.P Kids co. to dress me in his idea of proper attire, tiny cutoff shorts revealing the cusp of my buttocks and some shirts that barely fit, even the sales assistant was shocked at what she thought was my Grandfathers choice in clothing. I couldn't even believe it myself only an hour ago I was begging for money living on the streets and now I was dining alfresco and shopping at name brand outlets. We then hit a couple of more specialty stores afterwards. He said he had to buy me a few more necessities to start with. Lacy G-strings and what looked to me like lingerie pieces I had only seen grown women wearing in magazine ad's or movies was now a part of my wardrobe, in my mind it was a big step up from being a little girl any longer.

The driver took us back to Ron's grand apartment overlooking the isle of Key Biscayne and a large bridge leading into a Miami Harbor. Entering his residence, I was blown away by the spectacular view, rich décor, and white marble floors that were so glossy it looked as if I was stepping on glass. He took my shopping bags to a large room at the back of the apartment and put them into a small closet. The room was considerably large with glass exterior walls that maximized the potential of the panorama landscape soaking in the seascape of Miami. In the room was a gigantic round bed raised off the floor by three steps and mirrors on the ceiling. It looked like a honeymoon suite out of a raunchy hotel. He then exclaimed, "This is my room here and you will be sharing it with me" When I asked him where I would sleep he then sickly replied "With me silly, where else of course?" With no room for argument I pretended to be O.K with everything that my common sense was screaming out in my head to run.

Next I was taken down a long hall at the other end of the apartment to meet five more exotic beauties. Three girls were in their late teens and the other two in were in their early twenties. All of them were from the Czech, here under false passports provided by Ron and his contacts. Yana held my hand while introducing me to the group of girls as "Baby" a pet

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name she came up with for me, being I was the youngest one among them or ever to be brought in by Ron for that matter. It became my new identity not even worrying to mention my real name to anyone anymore. My identity was no longer important to myself, I wanted to become someone new and "Baby" is who I was.

A shocking first impression, the girls were completely nude revealing their voluptuous young bodies with such a careless ease and others were in just a G-string, similar to the one's Ron had bought me earlier. They were all stunning girls and full of life. Charismatic and beautiful, they were the girls who should be on the front of billboards not selling their bodies to old crewed men for sex. Doing each other's make-up in front of the mirror and chatting away on the bed with no care in the world, aiming at persuading me to see the highlights of the life Ron gave them and they almost did. Ron left the room for a few moments, letting us all get to know each other a little better and that's when I started to compile an understanding of what really went on here.

Just catching a bit of their conversation from before my introduction, I heard them chatting about the night they were preparing for. Speaking excitedly about some men they would be entertaining in a few hours, one girl was talking about going out to sea with one o these clients on a yacht for a few days. Since none of the girls seemed shy to talk about their professions or anything for that matter, I decided to ask them a few questions about what they did. They were more than happy to expand on their point of view in the conversation, attempting to paint a pretty picture of what they were paid to do.

They all began to jump up and down with excitement like giddy school girls at a slumber party. Another girl with jet-black hair and a thick accent, wearing absolutely nothing at all, grabbed me onto the bed with them and into their fiasco, instantly making me feel accepted into their sorority, like I actually belonged somewhere for once. Yana went on to explain a little more in detail, " We accompany the wealthy friends of Ron. They want only beautiful girls by their side so we come and act however they want us too but most importantly we make them think we want them back too." Other girls began to jump in with their vivid points of view while playing with my hair, they were taking turns brushing and styling it as they were filling my head with all of the prospects I could have as an escort too. They made me feel beautiful like them, too beautiful for what a girl beyond my years should feel. I was simply being lured into a dangerous trap, just like they had been at a young age too.

It pretty much all came down to two things in their game, the money they would make and the lifestyle they were given. Their enthusiasm only interested me further, making it not only sound like an acceptable way of living but also appearing to keep them all vivaciously satisfied. This way

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of life was just mind blowing to even comprehend at first. With such a new outlook of the world to try and grasp at my young age I was listening to every word spoken to me with such attentiveness, I was going to try and model what I was observing from the girls. I justified their way of thinking in my head for now, thinking if all these girls seem happy enough, why couldn't I try to be, it was this or the streets for me.

Ron came back for me not long after our conversation got out of hand and took me to a bathroom down the hall. He opened the tap and filled a small plastic cup with water and handed me two small blue oval pills. Telling me to take them both as they would help me to relax a little bit more. I swallowed the pills just following his orders. I put the cup on the counter top and turned back around to face him. Backing me up against the wall and now cornered by this large man I felt his slithering hands began to creep under my shirt, writhing my skin. I closed my eyes tightly and turned my head away from him, hoping he would take my actions as a sign of being extremely uncomfortable but that wouldn't bother him at all. He was half enjoying my reaction from the smug look on his face, and persisted through it.

Continuing to undress my clothes he said he wanted to look me over and clean me up. It was so humiliating having to expose myself to this ageing man and now I knew he was going to end up with his hands and whatever else all over me. All too soon I hated to be right, as I stood naked before his widened eyes, he told me "you're a hairy bugger I'll have to shave you right up young lady", and I didn't know he wasn't just talking about my legs. Standing with my legs wide apart while this man coaxed me through the entire ordeal of shaving, his hands made me feel so dirty. "Have I lost my mind?" I thought to myself but I had to play nice until I had an opportunity to get away, this was not as fun as the girls made it out to be after all, this was utterly disgusting. I had no idea what was going to happen next with this guy, and due to whatever pharmaceuticals he gave me, I still don't know to this day.

Waking up the next morning my head was pounding in an agonizing thumping pain and I was so thirsty. The satin sheets thankfully covered my body, which was still nude from the night before, and I could hear hushed voices standing over the bed where I was pretending to still be asleep. Listening in on their conversation I kept my eyes shut. I knew Ron's voice from two of the men but not recognizing the other guys I just stayed quiet hoping they'd soon leave. Ron was telling the other man what atrocities he got up to the night before with me and I heard him say, "Doesn't she even look like an angel the way she sleeps? She's my own little angel!" He exclaimed proudly. I opened my eyes and rolled over to face them both having to wrap the sheets over my body, really not knowing what to say except "Good-morning" in a blushful tone. Ron

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introduced me to his business partner and told to go get dressed. He had my whole day planned out for me already. Booked into get my hair colored, a much lighter tint of blonde, and afterwards a day of shopping with the girls I was becoming exactly what he wanted me too, a carbon copy of the teenage Barbie… only I wasn't plastic and came with many benefits.

Days turned into weeks, being a servant to the sexual desires of this distorted pervert. I dreamt of escaping but where would I go and how would I get away from Ron with him controlling my every second of my day. Separating myself from the other girls being so uncomfortable with enduring the everyday occurrences I was longing for the solitude of the beach again. They were training me up to be an escort prodigy or something like it. Outrageous orgies were conducted as my lessons with the girls teaching me all of their tricks in the game, it was all for the sake of men's perverted fantasies, they didn't get anything from being sexually exploited and molesting each other, except getting paid for it. Everything from oral sex too penetration with toys, I was expected to not only to join in but even perform ludicrous acts of hedonism.

I was Thirteen years old and had never heard the terminology of these sexual acts before, and definitely shouldn't have been learning them first hand. Thrown into a world of chaos, I didn't know what to do except be as compliant as possible, even when asked to do the most degrading tasks. The excitement of the lifestyle he offered quickly diminished once I had to pay so dearly for it. The girls that subdued to this lifestyle and enjoyed it definitely put on a good act, but no little girl with hopes and dreams of their untainted future, turns to her mother and say's "one day I dream of being a prostitute, passed around from man to man, only to grow older regretting so much of my life" It was all a part of an illusion that Ron painted for us that made it seem so alluring in the first place.

Spending my days with Ron, he took advantage at every chance given. Even in his convertible with the top down I would be forced to go topless while he drove around, when I asked him why one day, it was supposedly so I could maintain an even suntan, but I knew it was his way of showing off his treasures. It was a far cry from the simple country life I had been raised in. Wearing designer miniskirts and tops that always revealed too much, of course due to Ron and the girls determining everything I wore, ate, or spoke. We would spend our days at hair laser clinics, shopping, tanning beds, and eating as little as possible. Through the nights we were expected to become party animals and greet Ron's clientele with the upmost flirtatious attention and doting as possible. Then whether we were out for dinner, at a party, or at a club, the men would choose his girl and take her home. Every girl had a different price and so did the charges depending on the various clienteles but Ron always kept me for himself.

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I would always dread the end of every night, fearing what new desires he had in-store for the evening. Sometimes he would hurt me and tell me to try and enjoy it then do it over and over again until I gave him exactly what he wanted, I always resisted until I could no more, he was too overpowering and relentless at getting the results he wanted. At other times he could be so gentle and caress my skin, worshiping every inch of my body, all relying upon on what mood he was in. Often though he liked to play the teacher role and instruct me on every motion and explain what would happen when I did those certain things to him. No matter what he did to me I was only disgusted with myself more and more. I still shudder at the thought of how he used my body.

I turned fourteen in August that same year and was spending my birthday loaded on a concoction of pharmaceuticals and alcohol, being generously supplied by the very man who swore his devotion to caring for my every need. I didn't even know myself any longer, completely shying away from the girl I had grown up to be until to this point. The apartment was empty except for me, for the time being, and that was God's own little present for me... some solitude for once I thought. Pouring myself another drink I opened the sliding glass doors to the balcony and walked to the edge. Looking down from the many stories where Ron's apartment was, I wished myself a happy birthday out loud and wondered if my family even remembered the day's occurrence.

Dwelling in my sadness for the fourteen years of suffering and loneliness I had already endured, the tears swelled up in my eyes, trickling downwards making my eyeliner inevitably leak down my cheeks. Inside I felt so trapped and began to entertain the thought of jumping over the edge, it all seemed much easier, and the simple blackness that death had to offer rather than the tangled mess I was so tired of fighting to get out of seemed a much easier approach. Detached from wanting to feel anything, I became so numb towards my life's own tragedies. I couldn't live like this any longer. I lifted my bare legs over the edge of the railing and sat looking at the ground beneath me so close to even just slipping off the edge to my very death. I couldn't think of any reason not to fall. I thought I had made too many bad decisions to keep going on but some force of a higher nature had other things in store for me.

The sliding door slammed open with a burst of speed and Ron scooped me up in his big arms and brought me inside to our bedroom. Laying me down and seeing the look of despair in my eyes from my tear stained face he went into the bathroom cupboard and returned with three pink pills. Forcing me to swallow them using the angered tone of his voice he thought he was turning my sorrows into a distant dream as I passed out in

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his tight clutches, crying myself all the way to sleep. He didn't even ask me what was wrong, probably because he knew already.

Soon enough the crumbling of his evil empire in the underworld of selling sex for his own advantage began with a single crack in his perfect scheme, and proudly it all started with me. Ron got a scare one-day and rampaged through his apartment telling us girls to only pack our important belongings and some clothes as we all had to leave right away. I didn't have much belonging to me so I basically sat there watching everyone rush around frantically and was curious what could've gotten a man like Ron so scarred. Once we were packed up and in the limo he was trying to calm the frantic girls down after all the panic that spread through the apartment like wildfire, I was the only one sitting there half amused at the entire situation.

He began by assuring us that everything was going to be fine. Calmly he continued to tell all of us packed in tightly, even for a limo, that we were all taking a long trip to Florida's countryside because someone has reported an anonymous tip to the missing persons unit at the local police station identifying a very young girl as a possible victim of abuse living at his apartment. Ron knew what a landmine of trouble he had brought upon himself making an exhibition out of me on the streets of Miami, I didn't pull off the older look like the other girls, I actually looked younger than my age with my blue eyes and freckles always giving the impression of my youthful innocence.

Now he just had to do whatever it took to ensure he stayed as far away from the authorities as possible. Arriving at a ranch in central Florida many hours later and I assumed it belonged to Ron knowing never to ask him things like that. I knew my purpose and it wasn't prying into his personal life outside of the bedroom. There was a main house, a few cottages, some staff quarters and paddocks where the horses were kept. I was in heaven...I thought at first. Finally, something I could really enjoy. Riding was my passion, basically growing up on the backs of horses since I was just able to walk.

Not surprisingly I began to despise Ron and all of the girls for the gross exploits they made me do with them. Beginning to isolate myself from everyone I'd rather spend my time sitting under a tree watching the horses graze, writing in my journal or painting but mostly avoiding everyone possible unless Ron required me elsewhere. Nighttime was always a reoccurring nightmare for me. Relived over and over again in many various ways. Ron would always start by making me some drinks and offering an assortment of pills before indulging himself by grotesquely putting his genitals in my mouth and tell me how to give him what he would call a "first-class blow-job", and I was being judged every minute of it. Ordering me to slowdown or speedup or maintain a perfect

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rhythm I was constantly being criticized for my efforts in pleasing him. I was eager when he actually gave me a compliment. The rest of the evening was always a surprise left up to a moments notice. Quite regularly he would proceed with having the girls dress me up in some sexy outfit and loads of makeup then entertain him with a lesbian reenactment revolving him in the center. Sometimes they would use dildos and other foreign sex toys, Ron liked to see us hurt during sex, sometimes even penetrating me anally but I always resisted and would try to redirect him with another sexual desire of his but I had no excuses when it came to me having to use the sex toys on him, he told me how men have g-spots in their rectum and instructed me on how to precisely penetrate him. These nights went on what seemed like an eternal sentence for the price of not living on the streets, where unfortunately for the one's still there, I feared and knew from my own personal experience, could be much worse.

Needing some contact with someone of my adolescent mentality I called one of my school friends from the past, whom I wont name out of privacy, but I'll call him T.J. We were so close and I knew very well, so well, I had memorized his number a long time before. He was my first puppy love sprung from of a childhood friendship. Being my very first crush the summer before all of this happened he was the only person I could think of that would care enough to talk to me.

In the middle of the day, the least busy time to be noticed, I snuck into one of the vacant guest rooms and used the phone to call my good friend. The sound of my voice radiated a chill in him. "It's you, oh my God Jenna! Are you okay?" he was so shocked to hear from me and the sheer fact I was still alive. Nearly three months now without a single word to my family or friends, every one doubted my return. My attempt to forge a happy voice when I spoke to him failed and I absolutely crumbled when he was at a loss for kind words for me. I told him of my current state of affairs. Telling him of Ron and how I was terrified of him, trying to escape in the middle of nowhere was useless. It was like being kept in cage that I was unable to break free from. Going on to dump my issues on T.J, I proceeded with how I longed to call my family and to be with my them for good but was too afraid they didn't want me, knowing I'd just be sent away somewhere else again and to me after all this time was like going from one cage to another.

He had been called by them numerously and promised me that they were very worried and even hired private investigators to try and find me. Given I was eleven years old the first time I was sent away, my trust in there sincerity he spoke about was seriously doubted. I kept the conversation short just in case my absence was being noticed and I left on the note that I would speak to him again shortly. His attempts to get off

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the phone were nothing short of desperate plea to keep me on as long as possible. I thought he was just trying to help in someway. Giving him assurance in the fact I had survived this long obviously I can hold off a while longer I gave him my love and told him I'd be in touch.

Thinking I had slipped away unnoticed I entered into the room that I shared with Ron, hoping I got away with my brief and very needed phone call. The place looked empty and everyone else seemed to be out and about so I decided to have a bath in the spa and try to relax before the night's precautions. My body glided into the steamy water as I began to think about T.J and how good it felt just to hear from a friendly voice. My thoughts drifted into the days I missed when I felt I could be silly and childlike and I nearly forgot for a moment how grown up I was acting these days.

My first glimpse at the image surrounding me when I resurfaced above the water was daunting. There was Ron was standing over my tub, looking down at me with an eager display of his arousal. He began to undo his pants and take them down when he told me "put your lips on my cock", I was too slow in responding to his request so he grabbed me by the back of the head and forced me into his groin. I had tears streaming down my face as I looked up to him with the saddest blue eyes hoping he would take pity and stop, but he never did. I was really hurt by his aggression and he definitely knew it this time, which I believe only made him more heated. I closed my eyes and began to count using the time to keep my thoughts elsewhere believing every number I counted only furthered me to the end of this. I just got over a hundred when he finally exploded in fulfillment still half submerged in the deep bath I was struggling to gain my bearings in as Ron was picked me up out of the bath and carried me to go to the bedroom, which was just outside the French adjoin doors. Still damp from the hot water in the spa I had goose bumps from the chill of the fresh air where he brought me to the bed and proceeded to deeply violate my every being. Eventually his scars that he left were too deep ever to be healed and would even carry on through the years to come.

Upon his bursting with pleasure for the second time, he just got up and left, without even saying a word to me. Left alone I was awake for hours after that. There was no escaping the pain that night. I lay naked wrapped in the sheets, sobbing in the dark. My feelings of being hurt and disgusted after his abusive ordeal "When will it ever stop" I prayed to God and begged for death rather than face another day in my life. I woke up still alone the next day and exasperated from the misery I felt the night before. Ushering through my drawers to find something to throw on I could care less what lay in store for me today, couldn't be as bad as being raped by a scary man repeatedly.

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Starting my day with a few of the supplied oxytocin's and a bloody mary, made by the live-in house chef. Having two celery sticks for my breakfast, I wanted to lye out by the pool and forget the world. Ron hated tan-lines so to be caught with a bikini top on was a big no-no in his rule book but after my cries to stop were so blatantly ignored last night, I was out to piss him off so I didn't remove my shirt. I put on my headphones and before I knew it had fallen into a deep slumber from my self-made therapeutic cocktail, the only way I knew how to cope with the emotional turmoil on the inside.

Desperate to hear his voice I called my friend T.J a few more times that week. I needed to feel like someone out there really knew me. Sometimes we could just chat like old friends with no care in the world and laugh at a distant memory from too long ago. Then would come the good-bye part of the conversation and we would both get teary-eyed not knowing what could happen next or if this would even be the last time we ever spoke to each other again.

My biggest fear came to reality when I was in our bedroom one afternoon, just lounging around out of boredom. Ron came bursting in through the door, red as a tomato. I couldn't help but feeling I was in big trouble. His face was distorted and raging towards me. I knew right away he must have found out that I was calling T.J, but how, I had no idea. I had always tried to be as invisible as possible, soon enough it was all explained.

"Are you trying to get me caught? You are nothing but a stupid girl you know that! What am I supposed to do with you now?" He was tearing up the room while his rants gave me something else to think about. What would he do with me if he had no use for me any longer? I wasn't even thinking about him being caught for soliciting illegal immigrants for the purpose of prostitution. I was more worried that he would be upset at the fact I was talking to another guy, maybe even jealous that he was at least my age. I replied with simple sentences that I could manage to get out between all the shouting. I kept saying, "I'm sorry" and putting my head down in shame. He picked me up by my throat pinning me against the wall, "You are going away, far -far away from me and you better be nicer to the next man I send you to, I've heard he's not a nice as most would like. Are you fucking hearing me Bitch?" I slid down the wall, choking on the first air entering my lungs, breathless and terrified, I never thought Ron was a nice guy but I had never seen him lose it this bad. Now I was being sent me away to another stranger, another man, it only terrified me more.

The girls came in to say their good-byes all of them were crying and asking me in their best English languages, why I had to call someone and lose everything? I was able to find out through the broken sobs off of

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them that the confession came from the house-keeper who said she saw me use the room regularly but was never messed up, so Ron looked at the recent telephone bills and found the same number dialed from that room consecutively, he knew it was me right away. At least he didn't know it was another guy, I thought to myself, or I probably wouldn't have made it out of there alive.

Ron came back to usher the girls out of my room and told me I had five minutes to pack my clothes, which he made clear were to be my only belongings to take with me. He washed his hands clean of me that night, or so he thought. The driver came knocking at my door, just as Ron said, no longer than the five minutes that he had offered me and he took my single bag to the car. I didn't want all the jewelry, music or books that he so caringly bought me as tokens of his twisted affection. Only taking my clothes and a wad of hundred dollar bills I had been saving, I slit a hole in my scrunchie inserting my cash for a rainy day that I was more than sure was just around the corner..

We drove for hours, until I started seeing familiar surroundings. I couldn't believe my own eyes. I was back in Miami, but not on the beaches, somewhere in the CBD this time. The Driver delivered me to the front door with my one bag and waited at the door with me. Now I knew how it felt to be a puppy picked from her litter as you can only hope your next owner would treat you with some sort of kindness.

Another balding man answered the door but he wasn't so grotesquely fat like Ron, but still a new owner at that. He looked me up and down and seemed amused as he snickered to himself. With one last look to the driver over my shoulder it was almost an appeal to him for some way to help me. I knew he couldn't anyways, I was just hoping. He told me his name was Charlie but didn't even bother in asking me for mine. I was sure Ron already filled in all of my details when he arranged this.

Charlie picked up my bag and led me into his bachelor pad townhouse. I was never given a welcoming tour of my new residence or made to feel comfortable. He walked me up the stairs and opened one of the doors in the small hallway. Telling me this would be my room, he showed me into it and told me to wait, he would be back shortly. I sat on my bed afraid to touch anything and after the warning Ron gave me I knew I had to watch my step around here. I put my head down onto the pillows my where world was falling apart and let my emotions downpour. Exhausted from the days emotional turmoil I ended up falling asleep. I don't even know if he ever came in at all that night.

The next morning I looked out of the window to see my new surroundings. It was a beautiful sunny day outside, unlike the dreary cell I was locked away inside of. Feeling the sun warm up my face through the glass, it radiated a familiar sense of comfort from the days of the good

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parts of my childhood. I reminisced how it had used to be before all my life turned upside down. Before all of the fights with my family, before I had to look after myself, and before I was a slave to men.

Those days were too long gone now. With too many hard times passing me by it seemed surreal to think that life had ever even existed in the first place. With that thought I shook myself out of reminiscing that way. Whatever was going to happen was out of my control now, I just had to give myself some hope that I would have the strength to get myself out these circumstances before anything really bad happened.

Chapter 2

The house was quiet so I just assumed Charlie was still asleep. I decided to get cleaned up and have a shower. Not even a knock on the door when Charlie walked in with ease. "Typical" I thought. It was an easy way for Charlie to break the ice. "You really are as beautiful as Ron said" as he opened the curtain. Watching me rinse myself in the shower and me knowing I had no way out of this except to go along with whatever he wanted. I just looked down at the mention of Ron's name, wondering what else he had told Charlie about me. Realizing later that he wouldn't have said anything anyways, in fear I would've been a damaged product that wouldn't make him the money that young girls go for.

He just sat on the side of the vanity top and continued to take observations of me standing submerged under the falling water. I avoided looking at him and let him do all the talking, after all I knew what I had to say was of no importance, that is if he was anything like Ron. Between the water beating down over my head I could slightly hear him ramble on about some club and restaurant he owned in FT. Lauderdale. He said he was going to take me shopping for some club outfits and we would party together tonight, as if I was supposed to be excited over this so-called treat of his.

I looked up and gave him a quick smile adding a compliant nod and turned my attention to turning off the faucets and quickly grabbing my towel. I was falling so far from who I used to be, shying away from my outgoing personality to a quiet girl that didn't even recognize herself in the mirror anymore. I dried myself off and looked at the man standing between the doorway and me. He was still watching me with a sleazy look on his face but now preceded to move in my direction, arms wide open. He embraced me, running his hands up around my youthful curves, licking my neck and earlobes. Then his large, rough hands cupped my small breasts and continued downwards to feel in between my legs. I

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knew what I had to do to get this over and done with as quick as possible, but I was dreading this moment from the second he greeted me at the door last night.

I fell to my knees and gave into his demented perversions. Thankfully it didn't last long before he climaxed and I was allowed to get myself dressed and ready to go out. I was nothing but money well spent in his mind. This was another extremely wealthy man with a completely new set of wants and needs asking a fourteen year old girl to affectionately dote on sexual desires to a man in his mid forties. I really hated myself, these men, and just about everything my life had boiled up to by this point, but I knew from a young age that to survive in this harsh world I would have to do many things I would not willingly choose to.

At the shops he decided he would choose the clothes he paid for, which I might as well have been declared a teenage prostitute. Just like Ron he also liked it that way. The more degrading he was to me only proved his ownership of my body. He bought me tiny cocktail dresses, and skimpy outfits, which I thought closely, resembled the lingerie he'd also bought for me to wear for him. I noticed that day that he enjoyed parading me around the shopping mall and out for lunch at hooters, even joking with the waitress that he'd like to buy her uniform because he thought it'd look sexy on his new girlfriend.

We arrived at his two in one, Restaurant and Club, at around nine o'clock in the evening. It was a revolving tower called "Hot Chocolates" in downtown Ft. Lauderdale. The food was delicious and for the first time since being with Ron, I ordered a hefty meal with steak and mashed potatoes with a scrumptious gravy smothered on top. Charlie ordered strong cocktails for us both and before I knew it my head was spinning and we were on the dance floor together. The music blared in my head and the rhythm of my body took over, completely forgetting about even dancing with Charlie and letting the music take ahold and work it's magic.

It didn't do me any justice though as Charlie watched me imagining what pleasures lay in store for him later on. Taking me home before the club had even closed, he just couldn't wait to indulge on exactly what he was fantasizing from beforehand. Once back at his townhouse he led me up the stairs into his bedroom and pushed me down in the middle of his bed. The motions from the wavy mattress made me dizzy and feel even drunker when he lay on top of me. Coming at me like a hungered beast wanting to ravage his next meal, it was intimidating as he entered into me with a forceful thrust, he moaned out in delectable heaves. I looked away while he self indulged his own gratifying needs using my body as his instrument in pleasure. I only grew stronger in my head letting the hatred for men desires intensify.

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The next two weeks I was expected to be at Charlie's beckon call, never aloud to leave his side, even making me sleep in his bed from the second night onwards. I never even got the chance to call T.J again. It was too much of a risk anyways. Thus pushing him further out of my memory, too afraid, of the emotional repercussions.

Our typical routine was to wake up get showered and dressed and I would put on my make-up while Charlie made his business calls for the day. We would leave the house mid-afternoon and run his errands do some shopping, sometimes meeting his friends or business partners for lunch, none of the men he introduced me to seemed offended at his choice of adolescent eye candy. They'd just continue to chat away as if it was normal to be in public with his arms draped over a girl young enough to be his granddaughter, not too shy by giving me a flirty tap on my bottom or even try to kiss me.

My last night was no different from every other night. We went shopping that day and out for lunch alone. Later we headed to a club his friend just launched and it was his grand opening that night. The club was called "Iguana Joe's". We met up with his friend and said our hellos. They both seemed so excited about the club and Charlie was full of compliments all around. The club did have a line out the door which looked a mile long coming in, luckily we didn't have to use the front door. Charlie returned from the bar with two giant long-island iced teas, which were his favorite drink to start with and then we just sat for a while watching people dancing. Occasionally conversing about passing thoughts. We danced for a while having a few more drinks and after about two hours, Charlie said he was ready to go home. What a daunting time to look forward to, he always liked to have a brief sexual encounter before drifting off to sleep with my naked body intertwined between his arms and legs.

It was bad enough to have to entertain him at every given second of the day but his grip on me was so stifling I felt so chocked I could hardly breathe much less sleep. Eventually my over-worked mind would drift in-and-out of a restless sleep, but constantly on edge. I thought many of nights of escaping, but where would I go? Would one of Ron's ever-so-connected informants finds me and turns me into him to be disposed of for good? I just prayed that I wouldn't be another missing person to add to the list of girls found in the local ditches. I knew that's where I was headed if I screwed this up for Ron again.

As if my guardian angel was there the whole time listening to my secret prayers, my rescue came the next morning with an abrupt bursting through the bedroom door at about six am. Charlie and I were still lying in bed together and his grip on me was still tight. The men dressed in all black military gear had large guns and helmets on. It was so frightening

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at first. I couldn't even comprehend what was happening so rapidly. I thought Charlie could've been in some kind of trouble with a business friend he had done wrong too, but then one of the men in black shouted "F.B.I this is a raid get down with your hands on you head", in too much shock to move three of the men grabbed Charlie and threw him to the floor and cuffed him. I sat up in bed with my sheets covering my naked body and watched as they dragged Charlie from the room. Still completely nude he wasn't even aloud to get dressed. Another agent had to come back in to the room to find him a pair of shorts. I could hear him screaming at the top of his lungs all of the way outside He was screaming and the last thing I heard him yell was "If you say anything you know who will find you!" I could hear more threats being yelled at me but I couldn't make out what it was that he was saying. I was in total confusion and couldn't believe what was happening. There were so many uniformed agents I felt so small compared to all of them but they were all very kind and helped me out of bed allowing me to remain covered up with the bed sheets so I could get dressed. The first decency I had been showed in a long time. It was an odd feeling to acknowledge. I knew the life I had come accustomed to for the last six months was now over, and in so many ways I was relieved but was also very nervous about what lay ahead of me.

I excused myself to the bathroom to put some clothes on. Not having anything half decent, like a normal pair of jeans and a t-shirt. The best I could come up with was a metallic blue miniskirt and a tiny matching top that fell just below my breasts, hardly clothing at all it was more like scraps of cloth. Putting my hair up in a tight bun with the scrunchie that held my five hundred dollar bills I was led out of Charlie's townhouse for the very last time. Starting my life over...again, I wanted to leave behind my every memory belonging to these horrid times. Only taking small sack containing my underwear, makeup bag, and journal with me.

The agents led me down the staircase and my last vision's of Charlie was bent over the hood of a police vehicle still screaming and handcuffed. I slipped into the backseat of the car and was driven to Broward County Police Station where the Federal Agents interviewed me about my entire whereabouts for the last six months. I was so scared of what Ron would do if I told the agents what really happened but at the same token I knew he'd most likely kill me anyways for being such a liability.

Over the next few hours I sat down and told the agents how Ron's business worked and what I part I had to play to him. I was able to ask how they found out I was at Charlie's house and they informed me that I was being followed all the way from Ocala, Florida where Ron had me stowed away for the last four months. T.J, my friend, called my parents

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after our first phone conversation and ever since then, the F.B.I were tapping the phone lines and recording every conversation. Completely unaware of T.J's caring act of deceit, I was in such shock that they had been tracking us for so long. I knew now, with or without my help, the F.B.I had enough on Ron to put him away for a very long time, if they could catch him, that is.

Having so many crooked people working for you can be an advantage when you're in trouble. Like having a pair of eyes in every city. Ron was somehow able to find out about Charlie's arrest and immediately deserted the country to avoid legal punishment, not to mention the discretization of his esteemed clientele that the feds were now on to. Ron had so many countless charges put up against him, eventually when the F.B.I were able to track him down they were able to have him arrested in Yugoslavia and extradited back to Miami, he was finally held accountable for being a pedophile, soliciting women for prostitution, and running many illegitimate and illegal businesses. By the time the F.B.I caught him he was in his mid-seventies when he died of old age serving his second year prison for a lengthy sentence. Coincidentally I was told of his punishment and death many years later by one of the same F.B.I agents that had rescued me from Charlie's arms.

I was taken out of the interrogation room after the interview was over with and told to sit at one of the officer's desk while I was waiting for someone to pick me up. Uncertain of who that someone would be I assumed it would be someone from the juvenile delinquents division to take me back to some state operated lockdown facility. Not the nicest of places to call home, but I had no choice in this matter.

Sitting back in the revolving chair I was twirling out of boredom and listening to the roaming conversations within the office. I pondered in fearful anticipation of the dreadful places that lay in store for me. Having to of spent a lot of my adolescence in these kind of places for the sheer factor that my mother said "I was out of control and unable to handle" by eleven years old. There was plenty of just reason for me to be so scared of those places. What I knew lay in store for me were constant fights between the rough girls being settled with violent raids then out came the pepper spray and then the strip-searches and worst of all, no sunlight. It didn't matter if you were a quiet, shy girl that didn't belong there, when there was a fight, which was could be like a few times a week, every person in the room was considered a threat and were treated like a violent criminal. I hated those places and the memories they gave me. That's why I always ended up back on the streets. No child or even a juvenile should have to be subjected to such unreasonable force and neglect. Some of the girls were so used to being subdued to this kind of treatment their

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whole life they ended up repeating the same attributes as the people who initially hurt them in the first place.

One very sad girl I'll never forget her, had a father who had been a heroine junkie and decided to play Russian Roulette with some of his addict friends and by fate or chance took the bullet straight through his brain, killing him instantly. Her mother being a heroine addict herself spiraled downwards after his death and gave her four year old child to her ageing grandmother that eventually had to put my twelve year old friend in this un-dire circumstance. I can only have he highest hopes for her today but unfortunately for most girls that have been victimized by society aren't able to ever stop being a victim for the rest of their lives or go on to make other people victims themselves. A sad and unfortunate fate for so many innocent, and it happens so much more than anyone would rather admit too instead of just trying to find a solution.

Chapter 3

Hours later I was still twirling myself in the same office chair when I spun around to see my Father walking in my direction. I nearly fell off my seat at the sight of him. Gripping the chairs handles I couldn't imagine what in the world I would say to the man I once used to call Daddy but now hated for the abandonment and unforgiving wounds he instilled inside of me. He contemplated putting his arms out to hold me but instead anger and shame took over and he just shook his head. I never saw my Dad cry until that day and I have to say it made me feel young again and sad I had disappointed my parents again. The agents now standing beside us led both of us together back into the interrogation room to re-tale my journey to my father who they said I had no choice to tell, or they would have to tell him for me, being I was an under-aged minor and Ron violated the statutory rape law, among many others, when he took me back to his apartment and kept me as his sex slave. My Dad couldn't believe what he was hearing and for his lack of better choice in words asked me to stop talking, he was just happy to know I was alive. Like everyone I'd known in life they would rather brush it under the carpet and not deal with the pain rather than realizing sooner or later it all comes out sometime in our life even if it transgresses into our future then becomes what we are willing to accept out of partners, work, and people in general. Simply saying in other ways than with words that our bad decisions befall our tragedies later on in life.

The next discussion was led to where I would go to from here. Before anyone could put his or her suggestion forward I leapt in with my two bits and made it obviously clear to my Dad that if I was sent away to

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another lockdown facility and if he betrayed my trust, again, he would never see me again. I would disappear for good this time and for all he would know I could be dead in no time on the streets. He looked at me and for the first time in my life he saw the many years I had grown up in the time I was gone and heard the seriousness in the tone of my voice when I made my vow to him. He put his head in his hands and told me the bad news, my Mom didn't want me to come home and she was making his life hell for even suggesting bringing me back into their lives. I for some reason threatened her lifestyle and drove her crazy. I had been surprised about a lot of things lately but not that one. The last time I saw my Mom she ever so carefully lied to me and told me she was bringing me to an eye-doctor for an infection. Instead we walked into this tall blue building with people in uniforms holding clipboards and a few muscly guards, she ushered me inside and hurried up to close the large auto lock doors behind her leaving me there alone and imprisoned, which is what led me to recently living on the streets. My life was hell as long as she was in control of it, so when she didn't want me back at home I was fine with that too, but there had to be somewhere else I could go. My dad said he had no choice but to put me back into the facility, but he made a sincere promise that he would not take any longer than a week to try to find a place for me to stay and to go to school. A week I could deal with, but I was still unsure if I could trust my father and hold him to his word, but yet again, I had no choice. Being my legal guardian he could send me anywhere he wanted and there would be nothing I could do, except for keep running. I gave in, and before he left the officers to take me back to the last facility I had run from, I gave him one last hug and reminded him "one-week and I'm gone". Nodding his head and squeezing his arms tighter around me, I could only hope he meant it, but he didn't look too optimistic.

In the police car on the way back to the facility they had to handcuff me in case I ran again, but I had no intentions to anyways. I was going to give my dad the week before I began to search for the right opportunity to jolt again. I was like a "ghost come back," said so many of my girlfriends from the past and there was now a lot of new faces there too. At night when we were all in bed and supposed to be sleeping, I would be daydreaming of better days and imagine myself somewhere in a comfortable bed, actually enjoying my life for a change. A week went by in this facility spending most of my days locked up in what they called "The White Room", a bare room with concrete flooring, no toilet or even a chair to sit on. The only comfort I had was the blue sweater that was provided as part of the uniform, and my hair scrunchie filled with my stowed away cash that no one had found during my unpleasant strip-searches. I would spend hours in the white room for objecting to their

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conformity and unwilling to participate in their drilling regime. I didn't feel like I owed any explanation to these people even when they brought a physiologist in to speak with me, "What was the point when I would be gone any day now" and as if any of these people even cared in the first place, I was just another number in the system and they had a job to do.

There was one mega-bitch, female guard, named Evelyn and she used to either really like you or really hate you and God-forbid you were one of the unfortunates that she didn't like, she'd make your entire stay their an agonizing nightmare. Constantly picking on girls who were not strong enough to cope with their predicament or past issues, she'd stand them up and publicly humiliate them, and even when they begged her through their sobs to let them sit down, she'd only torment them worse. Which only made the strong girls want to antagonize the fragile one's with more malicious intent. Luckily when I had previously been there she didn't take much notice of me, but I stayed out of harms way with her, just being quiet and observant.

Being back here seemed like an eternity while I held my end of the bargain but unfortunately my Father didn't. The first chance I saw to run I took it. I was being sent to go get my blood and urine taken for drug and disease analysis. My driver would be a volunteer from the community and it was the perfect getaway for me. I was brought from the white solitaire room and led into the bright sun, feeling like today would be favorable in my escape. We got to the doctors office, my whereabouts told me I had plenty of ways to run and I scouted out the best looking route. My plan was to barge through the volunteer's inexperienced grip and wriggle my way out if needed, then hit the asphalt, running until my legs couldn't carry me any further. Playing it out in my mind felt different to the anticipation that led up to actually doing it. The inner-strength I had was the only thing going to help me in this circumstance.

We arrived in the parking lot and I hadn't said a word to him the entire drive, the small framed Spanish man tried to make pleasant conversation but I couldn't see him as anything but a challenge, so I kept quiet instead, ignoring his humorous attempts to befriend me. The car pulled to a stop and he came around the side to unlock my door, this was it, "here we go" I told myself, and pushed past the volunteer. His arms grabbed out at me but only caught me by my shirt, he didn't even put up much of a struggle, like some of the other trained one's I had gotten before, they would put me into body locks of all sorts but he just tore at the collar of my shirt letting me break free. I had done this many times before so I knew I wasn't gone yet, I had to first get out of these clothes. The cops would be looking for someone of my description in the area with a blue shirt and khaki pants, so my first stop was a busy shopping complex. I took the money from my scrunchie and bought myself a pair of jeans, a shirt, and

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a sweater for disguise and my next stop was Dunkin Doughnuts' to get a chocolate iced doughnut and a cup of coffee. I didn't have doubts about getting out of the facility but I wasn't expecting it to be so easy this time. My past excursions all began with an abrupt struggle sometimes ending in a brutal state of affairs after being pepper sprayed and fastened into some painful lock by forceful men four- times my size, then tossed into solitary until I saw my next chance to desert. I got to know the guards real well, as I spent a lot of my time being dragged down to the white room by them. There was Jim, a large black man who could've doubled for a "Miami Dolphin's" defensive linebacker. John was another big man with a ponytail and a mustache, and he looked like someone who definitely owned a Harley. The last guy Scott had a smaller build but made up for it with his steroid injected muscles bulging out of his neck and their was the added height from his curly fro. When they weren't restraining me and holding me captive in solitaire, they were actually pretty nice guys, not afraid to have a laugh after some explosive incident and I held no contempt towards them either, they were just doing their jobs.

It was de'ja'vous all over again, free at last but where would I go now. With Ron's scouts on the lookout for me, and now the authorities being notified I was a runaway again, I would have a lot of people searching for me, so I knew I had to be careful where I went. My last stop before leaving the shopping center was to use a payphone to call my parents, my Dad answered completely surprised to hear me on the other end, I wanted to sarcastically thank him for breaking his promise to me and I hope he is happy now, he just lost his daughter for good. I stopped to listen to what he was trying to say and he told me "I was getting you out in a few days, I found you somebody to stay with, she's a good person who has got teenagers your age, I was just trying to convince your Mother to sign the papers to get you out of there".

I was so outraged at her ability to put her own wants before the needs of her own flesh and blood daughter. I told him to come pick me up and bring me to the house so I could speak with her for the first time in over a year, but if I felt threatened for one second I will be on my way quicker than a blink of an eye and on my own for good. He wasn't overjoyed at my proposition, knowing what position this put him in as her husband but as my father he decided to put me first for once and take me home to confront my mother.

I arrived at my house for the first time in a long time and everything looked different. My parents refurnished and renovated the house. I didn't even have a room anymore, my old belongings and bed were removed and it was now the office. Of course my Mom didn't meet me at the gate or the front door like her long lost offspring reunited. No, instead she

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waited for me to come find her outback smoking cigarettes and having a beer. She stood up from her seat and squinted her eyes loathing in her hatred she coldly slapped me hard in the face. The slap stung, but I matched her look with a familiar stone-coldness that only she could understand. Immediately we both started to cry and we washed away our anguish and resentment through our tears and consolidated our feelings for the first time since the chaos first affected our lives. She didn't want to know much of my whereabouts and she still had a lot of anger to get over but she asked me to stay home at least. My little brother ran through the back door and hugged me so tight, I started to cry again and was saddened by how much time I had missed the time I had lost just hanging out with my brothers and it took me even longer to realize how precious time really is. We were never going to be the average Joes next door but at least this was better than nothing. I loved being with my family again. We had BBQ's and bon-fires with each other and life began to slowly piece back together. It was bizarre how normal it was when I first got home. I turned fifteen that year and it was the exact cup of tea that I had needed to boost me up and get me on the right track.

I decided to go school to acquire my general education diploma or G.E.D and got a summer job with my Dad at Mar-A-Lago, Donald Trumps exclusive country club in Palm Beach. Surrounded by lush acres of tropical landscapes, manicured gardens, and a mansion made into a beach club for the rich and famous it is known as the "Jewel of Palm Beach". I was in sheer awe at the gold arched ceilings and the grandeur ballrooms.

The spa where I worked was world class, not only oozing in style but in the way each and every clientele was treated with the upmost service. My focus was now set on becoming a massage therapist, and working my way into a luxurious spa like the one I worked for now, only I was a locker-room attendant there. I studied many books about the anatomy of the human body and how you can affect a person's well-being and health for the better through a simple healing touch. It was amazing to me the way the body responded to massage. I was more than just interested. I was determined to become a therapist.

It was one of those anatomy books that I had my nose buried in one afternoon on a quiet Tuesday and it could get pretty lonely in the locker room, so if I weren't busy I'd sit outside by the spa's reception and read my books in the warmth of the Florida sun. A lovely looking woman in her late thirties who spoke with a proper English accent approached me. I assumed it was a general question, "like where's the ladies room or was that the famous model from so-and-so?" but she was more interested in the book I was reading. Only believing at first we were just making small talk she was really intrigued at my choice of reading. She then asked if I

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did massage on the side, I stated I was only reading the book and had not yet began to study but one day I would love to practice massage therapy.

She introduced herself as Ghislane Maxwell. I would later find out that she was the daughter of the late prominent businessman and disgraced newspaper tycoon, Robert Maxwell. I told her my name is Jenna pointing to my nametag on my shirt and offered her a cold or hot beverage, as those were my instructed duties at work. She accepted a tea and went on to chat a bit about this rich guy that she worked for and she knew off-hand that he was looking for a massage therapist. Just doing me a good deed out of her kindness of her heart, I'm sure, she offered to introduce me to him. I declined her first proposition, thinking out loud, told her I didn't know the body well enough to even attempt an interview. She didn't seem worried at all by my fear of incompetence saying that if he liked me enough he would get me the best training in the industry. Ghislane thought I had a cheery persona and fit the quota for what he was looking for and as she put it an enthusiastic learner that she said she gathered from the sticky notes popping out of the various sections in my book. I accepted her phone number and the house address and told her I will call her if I am able to come over after work. I rushed over to the tennis courts where my dad was working and told him of the news. We both thought this could be a wonderful opportunity to get my accreditation in massage therapy. Seeing that it was a lady in her late thirties who came off as more of a nurturer rather than a procurer, neither of us saw any reason to be hesitant.

Chapter 4

At around Five p.m. my dad drove me down to the bottom of "El Brillo Way." on the Palm Beach intercostal. We pulled into a short driveway beckoning a large pink mansion with heavy wooden doors. I was so excited about this chance and asked my dad to wish me luck. He gave me a big squeeze and wished me the best. He walked me to the front door and I rung the door chime. Moments later we were greeted by an older gentleman dressed in a casual butler uniform. I told him I was here to meet Ms. Maxwell for a massage trial and he opened the doors for my father and I telling us to wait in the entry as Ms. Maxwell would be on her way any second, and she was. Down the stairs she walked with a warm smile, her short black hair seeming very proper and elegant, for now. She shook my fathers hand and thanked him for bringing me and kissed us both on the cheeks. They spoke briefly about whom she worked for and about Mar-a-Lago where we worked. She was in hurry, you could tell to end the conversation and say good-bye to my dad, which she did so

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ever pleasantly. She said the boss was upstairs and waiting my arrival, so with that I said bye to my dad and began to follow Ghislane up the stairs. I was so nervous, but I didn't show it. I kept my reserve and demeanor cool as ice, trying show maturity for the open position. We continued on to the massage room, passing by a grand crystal chandelier, and a couple lengthy wooden hall tables displaying a multitude of photos displaying young girls and beautiful women, trying not to gawk at them I didn't even notice that some of those girls were only wearing their smile.

Ghislane asked me how my day at work was and I told her it was easy peasy as always just trying to make simple conversation. There was a fork at the end of the staircase and she led me to the right hand side. The lights were dimmed in the bedroom but I could still see the King Size bed in the middle of room, we did a U-turn around the bed, which led us into a massage room. Dripping in luxury I could've definitely compared it to the renowned Mar-a-Lago's spa's, it had marble walls and a glass enclosed shower and self-automated steam room at the very end of the Burberry carpeted room. There was a large mirror over a basin to the right of the room with an array of oils, ointments, soaps, and lotions and a small closed door, which I assumed must be a closet. The only thing that struck awkward about this room was the naked man laying face down atop of the turquoise massage table in the center of it. "I had to be prepared for this," I told myself. Massage was something I had never done before so I quickly brushed away my thoughts of possible schemes, wanting to believe whole-hearted this was going to be legit. Ghislane introduced us to each other and I proceeded to make his acquaintance.

Looking up at from his downwards position, he looked me over and gave a smile to Ghislane, an obvious notion of his approval. He was Jeffrey Epstein as she pronounced for him, as if I supposed to recognize his name or something. He affirmed, "It was his pleasure" and replied to just call him Jeffrey, "No need for formalities" he answered, cleverly putting me at ease. This man did not look like someone to beware of. Both him and Ghislane appeared to be very nice people and conscious of their health as their need for massages and spa visits, no alarm bells went off, yet. I was prepped by Ghislane to "treat this as a lesson from her and follow her exact lead, if I did good tonight then maybe I would become Jeffrey's Travelling Masseuse, seeing the world and getting paid well for it". I was very hopeful, a job like this could really make my dreams come true.

I followed suit and washed my hands with warm water so the coldness would not shock Jeffery's naked body, then lathered them in rich body butter. Ghislane told me to always keep one hand on Jeffrey, even when getting more lotion, so it didn't make him lose concentration on being relaxed. She gave me a tip and told me to keep a blob of lotion high up on

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my forearm so it prevented me from having to keep going back for more and was less disruptive to Jeffrey. This all seemed for real to begin with, I was being educated about the body and splitting Jeffrey's body with Ghislane, mimicking her every motion. Starting with his feet, we began with his heels and arches of his soles. Pushing the blood up his calves in upward strokes to rejuvenate the body's blood supply and being careful to mind his leg hair didn't pull. I was keeping up with her and enjoying the education. It was so interesting how the body worked and I couldn't believe I was learning all of this for free. Once I got a bit of a groove following Ghislane, they began asking me all sorts of questions about my past and it didn't take long before the conversation led down the darker experiences of my young life. When they found out that I hadn't led much of a normal existence they only probed me with more questions, which being put on the spot answered honestly. The funny thing was they didn't seem appalled at all by my statements, rather entertained if anything. Jeffrey called me a "naughty-girl" with that wry smile of his, and half playful and half defensive, I answered "no I'm not, I'm really a good girl, just always in the wrong places" he then replied, "It's O.K, I like naughty girls" and rolled over onto his front side to expose his complete nude self. He wasn't the first man to show me his penis, so I wasn't shocked at the appearance of his manhood but I was incredibly shocked at his complete ease to present himself with an erection. I tried to ignore it waiting to follow the next directions off of Ghislane, who surprisingly now stood behind me bare breasted. Before I had a chance to even think of replying hastily she began to slowly undress me, while Jeffrey started to stroke his manhood while watching us. She unbuttoned my blouse and removed my bra, revealing my bosoms. Cupping them in her hands she moved her lips across my nipples, licking and teasing them with her tongue making them cold and stiff. Next her hands moved down to my little white skirt, removing the final piece of my remaining uniform. She slid my skirt down my legs with ease, for a moment keeping on my love-heart panties, so they could both take notice of my apparent youth. They even snickered to each other about " How cute she still wears little girl pantie's" Jeffrey said, and Ghislane joined in his laughter.

Acting as my madam, she instructed me to start by licking his nipples and after I had sufficiently pleasured both of them, then prompted me to go down on Jeffery orally while she rubbed her breasts along his body tantalizingly. She moved behind me again this time to remove my panties and start fondling the delicate folds between my legs. I was still in shock from the initial degrading blow. I hadn't even let the reality sink in, it was all too much for me to emotionally handle so instead I hid behind my fears, which I told myself "I wasn't going to ever be worth anything at all and this would probably be as good as it gets for me" after all I thought,

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"what have I been trained up for until now". Nobody ever stopped to ask if I was comfortable or if I wanted to stop, no, instead, Ghislane only directed me to conclude the massage session by climbing up on the table to be fixated on Jeffrey, straddling him so he could penetrate me.

When it was all done and over with, I was taken into the steam room with just Jeffrey to get further aquatinted, as Ghislane left the room to go get dressed. He asked me to grab his feet and rub them not saying a word about what just happened, like it was all normal and accepted. I listened to him ramble on about the health benefits of a sauna and the history of it, ignoring the fact of the matter of his pretentiousness degrading my spirit. I figured I had gone too far already, what would be the point in throwing in the towel now after I had done exactly what these people wanted.

Whilst we were sweating out our bodies' toxins, and the steam was blasting my burning face I listened to his lessons, entertaining his ego, I let him become my teacher, he seemed to like that. He sounded like a very clever and intelligent man though. Telling me his story of how he made himself an empire of billions from being a middle-class professor to an elite financial advisor for clientele with only billions in their bank accounts and through his so-called "lessons", He became my mentor and I emerged as his pupil, the teacher's pet.

After the sauna we went to the next glass door beside us where the shower was. He turned tap outwards and stood underneath the water as I stood naked and cold from the temperature difference. Instead of asking me to join him under the warm stream, like I thought he was going to, he handed me a bar of soap and asked me to wash his body from top to toe. It didn't stop there I had to massage the shampoo and conditioner into his scalp as well. I was bewildered someone would ask this off of someone else, wasn't it belittling enough having to endure the illicit massage from beforehand but now this. The surprises kept coming that night, as this was definitely not how I expected my interview to turn out, but that's what I had learned in my short time on this earth, life was full of disappointment.

I let everyone else take the power of authority from myself and use me in whatever way he or she wanted instead of standing up and giving myself the respect I deserved, which in turn would've helped me get through life without all of the abuse I ended up copping. Not given the belief in myself from an early age on I suppose is what affected my sense of control. Always letting the one's with power and strength reduce my inner-self to shreds until I was cut so tiny in size I would be completely subdued to only their wants and needs left ignoring mine. The men I had encountered in my short experience with them only repeated their inflictions convincing me there was no running away from the sick world I lived in, not yet understanding it all came down to the choices I had

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made for myself, I needed some encouragement and the right words to unlock my very soul.

Jeffrey told me the towels were on the heated rack just outside the shower and asked me to get one and pat him down. Again putting himself first as I sat there freezing while I compliantly patted down his body with the white fluffy towel until he was dried. I nearly expected him to ask me to dress him as well, but not surprisingly that came later down the track too. I dried myself off and wiped the make-up from under my eye's, keeping quiet not sure what to really say and half-embarrassed from the entire evening's events that just took place. I just remained silent whilst we both got dressed until he brought me downstairs where Ghislane was sitting at a desk holding his black leather duffel bag. When she moved from the chair to let Jeffrey sit down, she passed him the bag and began to tell me that I had great potential to be a massage therapist, they really liked my style and who knows where this could lead too. She asked to see me again tomorrow, same time after work. He opened the bag, revealing stacks of brand-new hundred dollar bills separated with rubber bands to count by the thousands. He grabbed one stack and took out two crisp notes, placing them in my hand. He laughed that it was nearly my whole week's wage at Mar-A-Lago. Only there I didn't have to degrade myself as his new little toy.

When I got home my parents were anticipating my arrival. I kept it simple and sweet with my folk's, only telling them of the lessons about the body I had received and the future prospects in massage therapy that lie ahead. Nobody questioned who I was working for and complimented my ability to be a hard worker. I quickly got out of that conversation afraid I might give away a hint of shame in my eyes but no one caught on. I excused myself to the bathroom to have a shower and stared into the mirror for a moment, asking myself if I could really go through with this only to mentally respond by reminding myself this would be as good as it gets for a girl of my stature and limitations. I scrubbed myself rigidly in the shower as if it would wash away the filthiness of the night, but it didn't help, I could still feel their hands in me and all over me and inside of me. Trying to sleep that night was nearly impossible too, closing my eyes only to drift away to flashbacks of the moments I had to give myself to Jeffrey and Ghislane, each replay an exploitation of my vulnerability.

The next morning I awoke feeling anxious about the day ahead, trying to push yesterday's memory from my thoughts, I was quiet for the whole trip to work with my Dad. Before we got out of his car in the parking lot he asked me if everything was okay, I lied, for his sake and mine. My life was being transformed and I didn't even know it yet, but soon enough I would be a brainwashed tool only used for the sexual pleasure of others.

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About to be entrapped in the same life I had broken free from only months ago.

Convincing myself in order to succeed I had to step up from being a girly teenager and start thinking like a young woman, it would be my ticket to a great career and a fortunate life. I told myself "So what if I had to bargain my body to this rich old geezer, some girls get themselves through college by becoming a stripper and using their bodies to pay for degrees, others go down even worse paths." I guess it was just another way to fathom the road I was going down, the effectiveness of the lies I forced myself to believe was working as I continued to tell myself I had to make it any way I could rather than ever letting myself sleep on the streets again. I was trading one shocking lifestyle for another, thinking I was choosing the right one. If I could go back in time to ever meet myself I would choose this time in my life. I'd start with a good hard smack to my head to first shake some things up in there and next I would tell that girl she could actually make it on her own if she just worked hard at earning an honest wage and built her life up slowly. There is no rush or time limit to ever stop reaching for achievement. Sadly enough I probably wouldn't of even believed myself anyways, learning my life's hard lessons through the experiences I continued to suffer.

I went to work at Mar-A Lago that day trying hard not to think of what lay ahead in the afternoon too come, but the later the hour got the more distinguished the knots became in my stomach. I spoke to no one of the details to my explicit interview but told one girl how I was so happy I was now officially studying massage therapy, another lie. My friend was surprised and intrigued that these people who could afford the best of the best of therapists in the world chose an untrained fifteen-year-old girl to perform a massage. She never said it in words, but her body language told me she knew exactly why they wanted to use me and it wasn't for a therapeutic reason either and deep down inside I understood.

The rest of the afternoon slipped away quickly and before I knew it I was standing before those large wooden doors again, giving a moments pause but long enough to draw in my breath and exhale some of the anxiety before ringing the doorbell. Juan answered the door again and told me Ghislane would be down in a few moments and asked to follow him into the kitchen. There was a pleasant looking young girl with blonde spirals in her hair that glanced up from the mound of paperwork before her. Her shocking blue eye's and appealing English accent seemed delightful and she introduced herself as "Emmy", Ghislane's Personal Assistant. I introduced myself as "Jenna" which is what most people knew me as and told her I was on an employment trial to become Jeffrey's massage therapist. She had a coy smile on her face that told me she knew exactly what I was on trial for. Something in my gut told me

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this wasn't the first time a young girl had been trialed for the same position I was about to fill.

We were only chatting for a moment before Ghislane appeared and told me Jeffrey was ready for his massage. I was led through the extensively large house to the winding staircase that would lead me up to the same dreaded room where I would have to re-enact last night's performance. I wasn't far from wrong. I gave Jeffrey a massage with Ghislane leading the way again, this time we surprisingly made it to the front of his body and she continued to show me how to massage all the way up to his stomach pushing my hands in a spiraling clockwise circular motion to not disrupt the bowels and then we came up to his chest. He couldn't dare contain himself for one second longer, telling me to put my lips on his nipples and give them a kiss. Jeffrey moaned in pleasure and Ghislane started to undress me from behind. Within moments I was completely naked and Ghislane had her top off. She was caressing my body with her hands while Jeffrey moved his hands down to stroke his loins while he watched her and I kiss and touch each other. I didn't know if she was doing this for the sake of his eye-candy but she sure did act like she loved having the control over me telling me what to do throughout the entire threesome. Jeffrey's climax was always the end to our sessions and this time he wanted to have me make him orgasm orally. Afterwards we went for the ritualistic steam-room, this time Ghislane joining in with us for conversation. She asked me to massage her feet this time while we were in the steam room, showing me that Jeffrey wasn't the only one I had pay my homage to. We all had a shower next and then we all went downstairs to pay me and have Juan drop me off back home.

The following afternoon I received a call at work, surprisingly it was Ghislane asking me to come over when I got off of work again. The compliant side took over and I told her I looked forward to meeting with them today, instead of telling her to go screw herself for lying to me and making me degrade myself more each time I saw them. I finished work for the day and my Dad brought me over to El Brillo Way again, where the vultures were patiently waiting in their lair, he wished me well as I hopped out of his big truck, looking ever so much like his little girl again. I gave him a smile and a wave as he drove down the long driveway, waiting for him to suddenly turn back and not leave me alone to my task. I shook myself out of that calamity and put on my "big girls" face.

Juan brought me to the kitchen again as I waited for Ghislane. He offered me a cold drink and some fruit on a platter, I accepted and was grateful for the rejuvenation before I went to work again. It wasn't long before Ghislane approached me from behind with a cold intense look in her eye. I jumped from my seat, feeling like maybe I shouldn't have been eating and drinking while on the job, as her demeanor seemed annoyed

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and temperamental in the seconds that she appeared. She told me I would be on my own today as she had business to attend to, so make sure I remembered what she had taught me, as my trial depended on it.

Chapter 5

I walked up the stairs by myself this time, taking in more of the décor, noticing the more I looked around the more I noticed a different girl in each photograph in his collection of half-nude and topless girls on display around his mansion. I couldn't believe how many girls there were, it's not like Jeffrey was much to look at. He was an aging man in his early fifties with shiny grey hair and characteristic lines drawn down his face as if he had seen harder days. With no prospects of ever settling down or having a family of his own, Jeffrey treated us girls like a piece of clothing he could try on for the day and get rid of the next. So why was there so many girls in these photo's?! I wondered to myself if I would end up one of those girls among his collection of forgotten relationships and broken promises.

I continued to make my way up the stairs, and as if all of my senses were heightened from my bare nerves being exposed, I could smell the cleaning detergents recently used by the housekeepers, my observations of the shade of lighting through the concealed blinds as I entered Jeffrey's bedroom appeared golden, and the sound of stillness except for the thud of my rapid beating heart all made me more aware of how nervous I was to be on my own. Not that Ghislane was anything of a comfort, but I didn't know what to expect or how I was going to lead myself into upholding my obligation in pleasing him. I would hope for the best I thought, trying to uplift my confidence as I opened the door to the massage room with the typical scene of Jeffrey laying naked facedown in the massage bed waiting for his entertainment. It was de'ja'vous' all over again. Repeating what Ghislane had taught me, with him commenting on what else I should be doing, until it got to the end and I was expected to grant him all of his spoken desires. We finished up with the shower again and he seemed very pleased in my contribution of myself to him, giving in to every request.

He told me to go ask Juan to pay me, as he was lethargic after the massage and intimate affair between us and now was going to have sleep. I walked back down stairs and told Juan that Jeffrey was asleep and said I had to ask him for my pay. He went to Jeffrey's desk and took out the exact amount I was owed without even asking how much I normally get paid. He then drove me home, only to be back the next afternoon.

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The following week was a daily routine, providing Jeffrey with massages and continuously being groomed to fulfill all his needs. Often joined by Ms. Maxwell and her assistant Emmy for sexual trysts of all kinds. I was mentally and physically exhausted from the week of working and having to keep up with Jeffrey's strenuous late night activities. I couldn't believe what I was doing but it was all starting to sink in fast. Most nights when I get home, I'd briefly say "Hi" to Mom and Dad before heading straight to my bedroom. I couldn't even sleep well anymore. Closing my eyes at night I would fight the inevitable flood of thoughts, replaying the moments of shame that ate away myself piece by piece. My only reasoning being I just had to keep telling myself it would all be worth it in the end.

This afternoon Ghislane appeared to be in a much better mood. Instead of taking me straight up to Jeffrey she took me to a yellow guest room where Emmy mostly stayed. It had a balcony where Emmy was already outside reading a magazine and puffing on a cigarette. Ghislane lit one up too and then offered me one. I hadn't smoked cigarettes much before, besides trying to look cool in front of one of my friends, but never really took to them, so when I started to cough from the inhalation of smoke, the girls began to laugh and joke about my in-experience. It was an icebreaker for all of us to laugh and poke fun at me. I was then able to give it back to them saying I would rather be an in-experienced non-smoker than an old lady with a raspy smokers cough. I don't think Ghislane was used to somebody giving it back to her, but she seemed to like it, as long as she was able to have the last say. I knew my boundaries and she liked that I wouldn't cross those invisible lines. All three of us chatted like friends and it started to feel like some kind of a strange relationship was budding. After about fifteen minutes of chatting away, Ghislane instructed me to wash my hands thoroughly, as Jeffrey hated the smell of smokers, and to follow her down the hallway to the massage room where he'll be expecting me shortly. I did what she asked and sprayed myself with the body spray that I always carried in my purse and headed down the hall to Jeffrey's room.

When I opened the door to the massage room surprisingly it was empty. I sat down on the already made up massage table and was careful not to mess up the neatly folded towels on the end of the bed. It was a good fifteen more minutes before Jeffrey made his appearance. It was strange seeing him in clothes for the first time. He wasn't wearing what you'd expect your typical billionaire's attire to be. He was wearing a pair of sweatpants and a Harvard sweatshirt, which he began to remove immediately. This time he wanted to commence our session in the steam room, so I began to undress as well. We went into the steam room and he pushed a few buttons and the steam began to pour in from the marble

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wall's built in jets. There was a bench coming out of the wall also made out of marble that went from either side of the room and had a step underneath it where I was instructed to sit on so that I could begin giving Jeffery his massage. Our conversation started off about simple things like how was your day at work, and I asked Jeffrey how his day was lounging around, just being polite to each other. He was acting out of character being a lot more attentive and conversing with me about other things than sex or massages for once. Starting with his heels, ankles, toes and arches in the soles of his feet I massaged all the way up to his calves. It took a lot more strength to massage in the steam room without oils or lotions and the constant blowing of steam in your face making me twice as exerted. I was beginning to really start to heat up when the door to the room suddenly opened to reveal two naked women. Ghislane and Emmy acted as if they came in to join us for a steam bath, but my instincts were telling me otherwise. At least the cold burst of air and escaped steam revived me a bit.

So there was Jeffrey and Ghislane sitting on top of this marble bench, each with a young girl at their feet. Emmy and I continued with the massage until they were ready to head into the shower. There were two showerheads that Ghislane and Jeffrey both stood under while they were being lathered with soap bubbles as we washed their bodies. After the shower Ghislane led us into Jeffrey's bed to finish today's session with Emmy, Ghislane and I performing lesbian acts of foreplay on each other while Jeffrey laid back and watched. Stroking his manhood in much delight, he brought himself to climax, and the session was over within moments. We all got dressed and went downstairs to the kitchen for some refreshments. Like nothing had happened at all, it was all so bizarre for me, the whole ordeal with them since this all began. I couldn't understand why Ghislane and Jeffrey had such an openly intimate relationship but yet never regarded themselves as partners. They rarely kissed and never held hands or even slept in the same bed. It was more like a sexual arrangement between the two of them. She brings in the girls for his peculiar taste and he supplies the lavish lifestyle she was accustomed too before her family lost all of their fortunes. I wasn't sure how to act or feel, always obliging to their needs but reserved enough not to get attached, as if there was this invisible hierarchy and by instinct I knew my place.

We all hung out in the kitchen for a while before I asked when Juan could bring me home as I had work in the morning and was tired. They said no problem and called Juan on the intercom right away, but said we'd all have something to talk about tomorrow. I knew it had something to do with my employment trial and from the way they were acting tonight, I could only assume I got the job, but you never know with these

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types of people. Their friendships and partnerships can change like the weather.

I went home that night still confused on how I could let myself sink so low, I had to put on an act like I enjoyed submitting my body and being their new subservient plaything all for the fact that I was making anywhere between $200-$400 for just a couple of hours. Then spent the rest of the night regressing on the entire event in my head over and over again. I battled those thoughts with the hope that I was receiving a profession out of this and making good money in the meantime. All I had to do was keep lying to myself long enough until I eventually believed it.

Arriving at Jeffrey's on time the next afternoon, as I always did, understanding punctuality was a sign of respect and I wanted them to feel as if they had my deepest appreciation for the once in a lifetime chance they had given to a girl of my history. This time when Juan answered the door he told me Mr. Epstein and Ms. Maxwell were waiting for me upstairs in the massage room. I began my hike up the familiar spiraling staircase and through to the room where my arrival was being deeply anticipated. They were already in the steam room awaiting me to join them. I undressed out of my uniform and folded them in a neat pile, which I placed upon the marble basin. Having one last look in the mirror before I exhaling a deep breath as if I was plunging into deep water, I knew today was a big day. I either accepted their offer and trade my morals for opportunity, or walk away with the prospect of one day many years from now trying to make it on my own which I knew endowed hardships of there own.

So confused about what decision to make, I just opened the door to the steam room and let them do the talking. Used to the routine by now I sat below Jeffrey and began to massage his feet and legs as I listened in on their ongoing conversation about travel plans for the next few weeks. Ghislane and Jeffrey turned their attention to me and he asked me how would I like to go see the big city of Manhattan. I told them I had never visited New York before and it sounded like an adventure but my job at Mar-A-Lago was only a summer job and wouldn't be able to get the time off, especially that summer was so busy anyways.

Jeffrey then made his announcement, that I should just quit my job at Mar-a-Lago and become his permanent travelling masseuse. He then further persuaded me with all of the luxuries that came along with my acceptance. Rather than being paid $9 dollars per hour at my current job I could be earning $200 dollars per massage, which he even said could be a few times a day. Tomorrow we could be leaving Palm Beach together in his private jet first heading to his residence in the upper east side of Manhattan, also the largest mansion in N.Y, and would next be setting off to the Caribbean, where he owned a secluded island just past Little St.

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James for a bit of relaxation. The temptation of his grandeur offer wasn't hard to give into, my vulnerability to be lewd into his grasp seemed comforting at the time. The idea that females were nothing more than an empty shell of beauty bound by only a body to offer was a notion I had accepted a long time ago with my first teacher, Ron.

My reaction had to be more than amusing for their egos, even though I was excited to be traveling I could only imagine the likeliness of having to be at their beckon call as well. In my head I just told myself we all do what we have to do in our lives to succeed no matter what it takes, and with no one knowing the truth, I had no one to talk me out of it. I accepted his offer and knew from here on out I would be his servant to his sexual desires until one day I would gain my credentials and only then could I go out on my own and make it in this world that when so young seems so unconquerable. The night advanced into the usual grooming of his requirements, for the next hour and a half being exploited to satisfy Jeffrey's every sexual whim.

My mom cornered me that night, before I had a chance to avoid speaking to anyone, heading to the shower then my bedroom, like I had been the last week. She knocked at my door with a hostile look in her eyes, " Virginia, what exactly does an older couple want with a fifteen year old girl, who has no credentials and with no experience in massage therapy?" She used that stern tone of voice that she's always had, when I was in trouble.

Thus, as impressionable as I was, my blue eyes batted their innocence in her direction and I flashed her a girlish grin selling her the pitch that I had been given earlier that night. Not mentioning the other side to the glamorous lifestyle I would soon be living in. I told her about the money I'd be earning, the places I'd be seeing, the people I could meet and most of all the trade I'd be learning. It all sounded so good, except it was a bunch of lies I had to tell her and myself to otherwise convince us, that this was a once in a lifetime opportunity, and I had to take it.

She asked when all of this would start, and I as shocking as it was to me too, I told her I had to go start packing. We were leaving the next morning off to N.Y.C. At fifteen most girls would be sucking up to their parents to go to a high-school dance or to go on a date to the movies with a nervous chap, but I wasn't even asking her. I was simply letting her know that I would be away for the next couple weeks, maybe three and would keep in contact when I got free time. Her daughter was lost a long time ago, and she just now realized it. Backing out of the bathroom, with nothing she could say, she left me wondering to myself who I was becoming.

Instead of driving me to work the next morning my Dad dropped me off at Jeffrey's mansion, he told me not to worry about calling Mar-A-Lago,

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he'd take care of it for me. We said our good-byes outside in the driveway, Jeffrey even coming outside to meet with my father to shake his hands and assure him that his daughter will be more than looked after. I hugged my dad tightly, feeling like I was on the verge of a steep cliff, when he let go, so did the last of my innocence.

Juan drove Jeffrey, Ghislane and I to Palm Beaches' Private Airport and the luggage handlers escorted us on the tar mat where we all boarded on Jaffrey's black jet. Larry was his main pilot, he had shiny grey hair and long lanky legs, but a very sincere smile that instantly made you feel at ease. He greeted us at the staircase that led into the main cabin. It was as lavish as I imagined it would be. The seats were enveloped in the finest beige leather with polished wood grain finishes and there was a kitchen in the back with an adjoining toilet. Jeffrey saw the amazement in my eyes and to make it more thrilling he brought me up to the cockpit and let me watch with a bird's eye view of the take off. I was on a natural high when I came back to the cabin and was instantly brought back down when Jeffrey rested his bare feet on top of the reclined seat and instructed me to get to work and start massaging him. My future was in his hands now, so when he wanted something, I wouldn't hesitate in giving it to him.

Chapter 6

Upon our arrival at New Jersey's Private Airstrip, the driver Jo-Jo met us. His name was most likely shortened for something of his oriental decent. Jeffrey liked to shorten the names of his multi-cultural staff into American names. Even Juan and Maria were known as John and Mary. We arrived in the Upper East Side of Manhattan. His principal place of residence was the largest home in Manhattan, eight stories of opulence. It used to be a Private School for boy's many years ago, until Les Wexner, Jeffrey's best friend and mentor bought it for him as a mysterious gift.

There were two large Chinese gargoyles outside the entrance, and beside the heavy looking wooden doors there was an intercom with a camera overlooking us. I walked up the concrete steps into a realm of wealth, glamour and most of all influence. My eye's glistened at the splendor of his palace. Caramel colored marble tiles spread through the first floor, where his gourmet kitchen and dining hall were also located. Then I came to this sweeping staircase that curved into the next level where Jeffrey and I went into his office, even though it looked more like a museum exhibit. Ancient draperies that told lascivious stories of their own covered parts of the elevated walls, and the remaining wall spaces were taken up by rows on top of rows of books. He loved to read, as he

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often found it hard to sleep and was comforted in the early morning hours with his literature, or sometimes in other ways I would come to find out. There was a mantle piece and a sofa with two armchairs next to the grand piano that flaunted more of Jeffrey's beautiful conquests, young women posing in salacious pictures, suggesting I could be easily replaced next to one of those girls if I failed in keeping him satisfied. There were also some pictures with recognizable political and royal figures either shaking Jeffrey's hand, or with an arm around each other, even one with Jeffrey and the Dali Lama, although his church was the bank. He liked to use his power, wealth, and money to manipulate everyone in his life.

He made a phone call that sounded business like and I didn't mind, I was quite enjoying taking in all of the beauty around me, I was blinded by all of it. I was still waiting for him when, Ghislane came in. She asked me what I thought so far of my trip to N.Y.C, I knew she was talking about the house, she loved to gloat, even though none of it actually belonged to her, she wanted everyone to believe that it did. I complimented her on the mid-evil looking tapestries and a few other adornments, when she cut me off mid-sentence to compliment it herself, telling me the history about one of the 17th century tapestry's which to an unsophisticated eye, looked to me like a rug on the wall.

Jeffrey hung the phone up and walked over to the sofa where we were sitting next to the mantle piece and took a seat on one of the armchairs. He didn't seem worried from the phone call but his mind was definitely somewhere else from the hard look on his face. We all spoke for a few moments more about the splendid décor before Jeffrey had enough small talk and needed some of his own relaxation time. He told Ghislane he was going to show me to the massage room and he'd be back in a couple hours. She agreed he looked like he could use some time to unwind and with that wry grin of hers, she gave me a look that told me precisely how he was expecting to be relaxed.

We left his office all together, Ghislane going downstairs, and Jeffrey showing me to the lifts. The lift looked like it's original that came with the school. It was made out of brass antique with archaic cuts throughout the arches at the top. It wasn't the only lift in the house, but certainly the most beautiful. We walked down a long hall carpeted in a royal red and golden trim, passing by a bronze pagan statue of the horny little goat God "Pan". How adequate, I thought, fit Jeffrey to a tee. We walked into this dimly lit room. Another daunting chamber that looked like we had stepped back in time to the dark ages. It took a second for my eyes to adjust to the darkness, and Jeffrey beckoned me to follow him through the room to the open adjoin shower, toilet and steam room. The room was in black marble to accent the dreariness, and smaller than the one in Palm

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Beach, but it had it's own witchery feel to it. Another unseen side to this Man I was coming to know.

We both undressed and I followed Jeffrey into the steam room first. He loved feeling clean, teaching me that the steam would deplete the toxins from your skin, which was great during a massage when your blood flow is being replenished. I grabbed his foot out of instinct, knowing I had to be constantly on alert to keep this man satisfied. He looked down at me with a nod and reclined back against the wall as the steam pored in, this was his idea of alleviation. I worked up to his calves and within a few more minutes, he said he was ready for his massage on the bed. We got out and towel dried off, both still nude, he asked me to stay undressed, then we headed to massage bed in the middle of the room. He lay down on the bed and told me to turn on the CD player on the wall hutch, where all of the oils and lotions were set out, I hit play and a collection of mixed classical symphonies began to fill the silence. I could tell he wasn't in one of those moods to be uplifted with idle chat, so I remained silent, letting him enjoy my slow movements, making my way up his body. My instincts told me I was right about his mood, as he seemed to appreciate the quietness of moment and the leisurely of the strokes I was using to massage him. When I got to his scalp he turned over, and grabbed my hand to put on his erect manhood. No words spoken yet, I took the gesture and initiated what I had been taught over the last week. While pleasing my master his hands groped my young flesh, penetrating my insides with his fingers, he was only concerned with what he wanted, as If I was a new car out for a test drive and he was pressing his new gadgets. His soft moans were soon brought to louder heaves of breath and my job was done. No intimate kisses, or sweet pillow talk. He showed his appreciation with money, never attachment. We concluded with a shower and he told me he had some business to conduct. He walked me to the lift and told me go to the next level and my room was the first one on the right, it had an intercom in which he can contact me when needed.

I hit number 5 on the lift and took his directions to my room. I opened the door to this massive loft, the size of an adequate house. I walked down the long hall and my eyes took in the magnificence of my surroundings. It was a room fit for royalty, and later would find out had been stayed in by some. The room was trimmed in gold paint and had another eerie tapestry on the main wall as feature. There was a T.V and a huge king sized bed, with goose feathered comforter and pillows.

All of the glitter from Jeffrey's lifestyle he was offering me finally covered the last bit of sight I had left and I let go of my consciousness. Excited by my enthralling day, not having anyone around to have to act reserved, I jumped into the soft bed and lay looking around, thinking about how quick life could change based upon one swift decision. Dazing

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into the artistry, the intercom buzzed on the telephone next to the bed and it was a housemaid letting me know Jeffrey wanted to see me in his office now. "Already" I thought to myself, I was just getting settled in. I was worried I was going to get lost in this ancient museum, but I got myself back to his office with no trouble, it was kind of hard to miss. I knocked at the slightly ajar door and Jeffrey called for me to enter. I walked over to his desk, where he was just ending a phone call and he opened his duffel bag full of money. "I'll be out at my other office for most of the day, so instead of being locked inside I thought you should go do some sightseeing for the day since it is your first trip to the Big Apple" He didn't count how much he was giving me he just handed me a bundle out of the banded $100 dollar bills. He knew just how pull the right strings, making me squeal in delight and give him a kiss in the cheek, since we were never really emotionally intimate, it would be odd to act in any other way, but he seemed to like it.

I ran upstairs to get dressed for "City" shopping and put my make-up on, then hit the streets of N.Y.C, looking for a place to start spending this load of dosh. When I got to the end of 72nd street on 5th Avenue, I had no idea which way to turn, left or right. I thought I'd just follow the lights past Central Park and see the local sights on my way. My eyes were once again peeled back in splendor. I had never imagined a place so busy with the hustle and bustle of all the walks of life. My first stop was to buy a disposable camera and I was off taking photos of every wonder that caught my attention. I didn't do much shopping as I had planned too; I was having too much fun exploring this capacious metropolitan.

When it started to hit dusk I began walking back to Jeffrey's but not before stopping off to enjoy a giant slice of pepperoni pizza, it was the best I had ever had, and considering I was going back to Jeffrey's chickpea and tofu salad's or such. I really hated the healthy cuisine served by Jeffrey's personal chef. I was a naturally skinny girl, never watching what I ate and to eat that food I might as well have chewed on hay. I strolled back to Jeffrey's and was missed. Ghislane scolded me "You shouldn't have been gone so long young lady", "We need to know where you are at all times, you are on call for Jeffrey" I started to apologize, feeling guilty, I didn't want them to think I didn't take my job with them seriously. She cut off my explanation with a short conclusion to this conversation "We will get you a cell phone tomorrow, so we can always find you". I thanked her for her generosity, and she dismissed me to my room. So I wasn't even needed after all, it was just a way for her to place me deeper in their control. The next few days I was on call, as Ghislane said I'd be. Venturing out to the city for only an hour or so at a time, I looked most forward to my outings. I would return to Jeffrey's

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mansion to attend to his sexual desires and when he was finished with me, I'd be off to my adventures.

On the day before we were to be heading back to Palm Beach, Jeffrey had a new proposition for me. I could make double the money I was making, if I would look for pretty girls and convince them to come back to Jeffrey's to be further persuaded with money to engage in bi-sexual and sexual acts with Jeffrey and I. I asked him how does one actually propose such a thing to a complete stranger? "Well" he said in a build up to another kind of lesson. "If I were you I would use your charm to entice them and my money to bring them, I would tell them you work for a multi-billionaire who has a taste for young, beautiful girls and with his contacts in the acting, modeling, or rich husband world, your boss could help them. All they have to do is come meet me first." If I wasn't so naive at the time I would've seen that's exactly what he was doing with me, my prospects were massage credentials, but with too much pain from my past, I could only have hope. Not that I was a shy girl, but picking up girls for one reason alone, only to be endorsed for her body, didn't sound like something I could do. But not wanting to displease my master, I told him that I would give it a go. You could tell he was instantly excited with my agreement, he started to reveal the politics of what kind of girls he was looking for. He wasn't into multi-cultural girls, a very chauvinistic perception; he said they had to be uniquely gorgeous to be accepted by him, but definitely no African-American girls, he was racist against anything different to his kind, a very narrow minded way of thinking for such a supposed brilliant man. The list went on and on. No girls with tattoo's or piercing's, or gothics, no drug users, or prostitutes. Basically he wanted everyone's daughter that looked like the girl next door, with blue eyes and blonde curly ringlets. I just nodded and smiled, wanting this to be over with and move on to another conversation, but so worked up from our previous talk, instead he persisted to show me exactly what I was good for to him. He took me up to the highest loft in his large mansion and he lay down on his large bed, expecting me to know exactly what he wanted done. As always, I complied. Part of me hating him for having to degrade myself to be so subservient to his sexual whims, and another part of me was telling myself to be grateful for the opportunities I was being given.

The battles in my head were beginning to cause me too much anxiety, when we got back to Palm Beach, I asked my Mom to make me a doctor's appointment for some headaches I had been getting lately, so she wouldn't question me. I walked out of the doctor's with a prescription for a mind-altering anxiety tablet called "Xanax", not only did it help with anxiety but it also acted as blanket over terrible memories. So when I had to perform degrading acts, I would take a few pills and forget what

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happened within the next hour and be able to become someone without a battling conscious.

I spent my sweet 16th birthday on his island in the Caribbean next to "St. James Isle" he liked to call it "Little St. Jeff's", his ego was as enormous as his appetite for fornicating. I was given a birthday cake and a new collection of designer make-up from London. Ghislane made a joke after I blew out my array of candles and said, "I'd be soon getting too old for Jeffrey's taste, and soon they'd have to trade me in." She was only half joking in a sad reality though. A few days after my birthday, a girl was flying out to the island to join us for a few days before flying back to N.Y.C. I was introduced to a pretty girl a few years my senior, named Sarah. She had long ash blonde hair and big brown eyes that hinted she had a cheeky nature. She had known Jeffrey before I had, and he was supposedly trying to help her get an acting job in L.A. She was obviously accustomed to the lifestyle he provided her, making it ever so apparent with her prompt attention she lavished on him. She would do things like strip nude and bathe around the swimming pool, taunting him for sex. She was good at what she did, even putting me at ease with her cool persona and funny jokes. Jeffrey told me privately that she was one of his best at procuring young girls into her entrapment and delivering them to him when he was in town, and when it came to time in the private chambers with Jeffrey, Her and I, it wasn't hard to comprehend. She was devoted to the moment, giving Jeffrey every imaginable lustful desire he could fathom. On the last night there we all took a trip over to St. James to go for a stroll, odd I thought, it was past 7pm and Jeffrey rarely strayed out past then, unless it was some event or dinner party. While Ghislane and him looked the average couple strolling arm in arm through the streets, he said to Sarah and I, "Why don't you two hit the night club here and see if there is anyone interesting to bring back for the evening?" It was more of an order than a request and then I knew why we came out tonight and why Sarah was invited, tonight was all about training, and Sarah was going to show me the ropes in picking up girls. Although there was no one to accustom to Jeffrey's distinct taste to bring back, watching Sarah flirt from girl to girl like a floating butterfly, gave me enough insight into what I was expected to do.

Within Months I had become his handy little helper. Not only would I run to his beckon call, but I also aided Ghislane in bringing in more girls to keep the appetite of our sexually starving chief from going hungry. I once asked Ghislane, why she did what she did for him, instead of having a common monogamous relationship and getting jealous like normal partners would? She replied simply "It takes the pressure off me having to do it". That said it all, we were all under the shade of Jeffrey's money tree, and not even someone like her could escape from its lure.

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Just like Ghislane had trained me it was now my job to reiterate that onto other girls and thus the cycle of girls trying to climb the chain of hierarchy would start all over each time I brought a new one in. The sessions rarely differed much. They would mostly start out with Jeffrey on top of the massage table already naked and me leading a girl into massaging him until his instructions came to remove our clothing and if they agreed to that, then Jeffrey knew he had them in his pocket, and could do what ever else he wanted. He was never turned down in the many years I stayed with him. Never being shy, he would tell us to start kissing each other or depending on what he wanted we would perform erotic acts sometimes with him fondling us, or just masturbating while he watched. On explicit occasions, sex toys would be used on us girls, making it all the more exciting for him to observe. Ending with a payment of $200 for the new girl and $400 to me for bringing her. He would then wait for us to leave before adding the events details of names and payments in a little black diary he kept with him wherever he went, so if he were in anyone of the city's he lived in, he would always have contacts for sex.

I was slowly climbing the ladder, as Jeffrey was happy taking me everywhere with him, within the States. Merely at home I distanced myself from my Family altogether and with Jeffrey renting me an apartment in Royal Palm Beach as well as a plush furnished apartment in N.Y.C, there was hardly a need to see them. I just couldn't face everyone thinking they all knew what I was really doing travelling around with a man old enough to be my grandfather who supposedly only wanted me for massages. Much further convincing myself of the lies I told myself, I took a liking to the Xanax, it felt like it was all a dream at times, even meeting up with old contacts from school years who experimented with drugs. I was flying around the country, seeing so many places in America I had only heard about in Movies and making more money than anyone my age and loving it. My friends didn't believe the lies I told them about only being a massage therapist, some of them even asking if they can meet Jeffrey too. At this point in my life my heart went missing for a while and I stooped so low, I was even bringing my friends, I just saw them as easy commission. When I wasn't playing servant to my master, I was partying hard, eventually using ecstasy pills, acid, and marijuana to disillusion the times I would've had away from Jeffrey to think about what I was actually doing with my life. I realized something one day while I was alone, although I had Jeffrey to attend to sexually, it was not gratifying. I needed someone to come home to, someone I could call my boyfriend and that showed me emotion not just a job to get done.

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Chapter 7

A knock came to my apartment door one lazy afternoon while we were in Palm Beach. I looked through the peephole and didn't recognize the once familiar face. I asked from behind the closed door "Who is it"? The voice of the reply was one I wasn't anticipating to ever hear again. It was my Junior-High crush and childhood friend, T.J. The last time I saw him I was a runaway and he had let me stay at his house for a few days, telling his parents nothing, he kept me hidden away in his room. At nightfall he said to knock on his window and I could jump through and stay the night. Until I was picked up by authorities during school hours and questioned why I wasn't in school they did some resourcing finding out I was a runaway, then delivered me back to my angry parents.

"Oh My God- You finally answer your door girl", and in a whirlwind, T.J stormed back into my life. Even moving into my apartment, secretly, within two weeks of his arrival. He had changed so much from the last time I had seen him. He used to be this hard looking rocker type, now he was cleaned up wearing preppy clothes and shooting out Tupac Lyrics. He had the same old big brown eyes though, and when he told me he had heard I was back in town but he was unable to ever get ahold of me he just kept knocking at my door every so often, I was sold. How sweet I thought, he must care about me if he was so intent on approaching me, not even thinking he would've spoken to the girls from our junior-high circle and they would've mentioned him I was back in town, what I was doing and where to find me. We were a drug-induced romance, which budded from fake emotions the affects made us feel. He got what he wanted, a free ride and not having to work, and I got what I deserved, a man who could let me go away with this multi-billionaire I regarded as my second boyfriend.

I didn't want to alarm Jeffrey in me having a boyfriend so I kept it quiet, until during a massage I was giving to him one afternoon. We were having a conversation about some of my friends, the party girls I had brought in to meet him. Jeffrey started asking questions about the different types of drugs they used hearing them speak about it in his presence. " I thought a person on drugs would be all strung out and looking like hell, but the girls you know look great" he stated face down during the massage.

That's when I told him I had been dabbling in ecstasy lately too, and I thought it was the most amazing feeling one could even fathom. I tried to describe the euphoric feelings it gave me and even joked with him about wanting to pet anything furry that was around and then there was the constant need to flick my tongue-ring around my mouth. It was great

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having such an open conversation about things Jeffrey had never experienced before and he seemed okay with everything I was telling him as we were having a good laugh together, so I thought I could push it a bit further and tell him the truth about T.J, since it was bound to come out sooner than later I'd rather not the latter, when it would look even worse that I kept the truth from him for so long.

"Well why were opening up about things together", I continued by saying "I had met someone from my past and we have been hanging out a lot lately. When I haven't been travelling with you I have been with him and I was wondering if you minded if I started to see this guy." He started to laugh out loud, "Are you serious? Of course not, no one in this world is monogamous, why would I expect you to be?" I was smitten with relief, but a little bit dis-heartened when I heard him speak that way and I wondered to myself if he'd had his own personal encounter with heartache.

Of course the evening concluded in the same way it always had, the only reason I was really even there in the first place. Upon his request I straddled him on top of the table and let him explode with pleasure inside of me. Thinking the entire time about T.J, I felt so terrible but I quickly had to wipe the thoughts of guilt from my mind not to give Jeffrey the wrong impression. So I had myself busy with two men in my life, but that's not what I really wanted for myself. I wanted an occupation that would eventually set me free from depending on a man as my source of survival.

I asked Jeffrey before I left for the evening, when my real training was going to begin and he liked my assertiveness. I thought it meant to him that I was taking my job with him seriously, but it was all part of his master plan to keep me by his side. Within a couple of weeks of my persistence, Jeffrey introduced me to a couple of real working massage therapists, not only with credentials but with their own clientele too. I was in awe of their teachings, it all made so much sense about the body and what they were saying. I felt like I had picked myself up out of the lurches and had a direction again.

I was in the middle of another training session, with Jeffrey the recipient as usual, being it was rare for Ghislane to ask for a massage unless of course it was for Jeffrey's own pleasure to watch the punch line of the session, when I was shocked to hear Jeffrey ask one of the therapists to now remove her shirt. He had no shame I thought. Even though she was above his usual age criteria, she was still a pretty woman in her early 30's with curly blonde hair and had an athletic body for a mother of two children. She didn't hesitate in his request. It looked like something out of a role-playing porn scene with the therapist removing

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her white uniform to reveal her beautiful nude body and a much darker side to her personality.

I couldn't believe it at first it was such a state of shock and I began to question t myself if this was normal in the massage profession to expect this kind of clientele to request such degrading tasks even though they were professionals. At the end of the session she was paid $300 dollars an additional hundred for helping to train me as well, and I was paid my usual $200 dollars then we were both invited by Jeffrey to join him out by the pool for a cool dip. With Jeffrey making a few phone calls while her and I undressed again for a swim, I wanted to ask her a few personal questions about what she's come to learn about the Massage Therapy game, but I never got the chance as we were joined by Ghislane moments later. She was asking how my training was going and booked the therapist in for herself in the following morning. Where she was invited back to do another training session with me It didn't take me long to figure out why.

I was at my apartment when I received a phone call from Jeffrey, I thought it was the usual call to come over to his house, but he surprised me. Instead I would be going to the exclusive hotel in Palm Beach tonight, The Breaker's, where I would be meeting my first ever clients. Only told their first names I was given some instructions and the address where to meet Glen and Eva. They were a married couple with one on the way. I was quite concerned when I heard she was pregnant, being I really didn't know the body that well and didn't want to inflict any wrong doing on the unborn baby but Jeffrey insisted I take this job. Just massage her gently where she wants to be rubbed and to save all of my energy for Glen's massage, since it was going to be a four-hour job. In an emphasized tone of voice I was being coached by Jeffrey to treat Glen with exactly whatever he wanted, just like I do for Jeffrey himself. It was my last bit of preparation before he sent me out to his friends and my first taste of responsibility in upholding his reputation.

At around seven pm I took a taxi to the address I was given and found them on the residential side of the giant hotel's extensive property. When I arrived in their apartment it was a far cry from the lavish place I was expecting, still really nice but had a cozier family feel to it. It was just beginning to get dark when Eva and I went into the Master Bedroom and she undressed to reveal the first naked pregnant body I had ever seen. It was fascinating to see her in the later stages of maternity, and strangely enough it was a miraculous and wondrous sight. She was a former model and one of Jeffrey's many entourages from his past that had gotten to old for his taste and was married off to a wealthy colleague of his.

Lying down on the bed I adjusted the pillows to try and make her more comfortable and I began to massage her as Jeffrey had instructed me to,

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softly and slowly. So at ease with her nude body she even asked me to massage her swelling breasts, in a non- sexual way. Not knowing any other way but that way, I was trying to oblige in her request doing the very best I could to relieve her but couldn't help but giggle to myself at the very sight of this. She said she was very happy at the end of the massage and rolled over to go to sleep, asking me to turn out the light at the end of it. I closed the door gently as if not to disturb her, and went to find my other client.

The apartment's lights had been turned out for the sleeping children and I found Glen awaiting for me in the lounge room where I had to call out "Excuse me?" as I couldn't see him in the dark. There was a throw rug on the ground that he had already placed out as he began to strip down in preparation of the massage. Lying frontwards facing me with his exposed and ever growing manhood, I asked him to roll over to begin the massage. He complied with a cheeky smile and from his eagerness to show he was not shy indeed, I already knew where this was going to end up.

I found it much more strenuous to massage on the floor but I wouldn't let that hold me back I wanted to have a career and this being my first ever clients, I didn't want them to disapprove. Nearly four hours after I had gotten there I was still hard at work. Mentally preparing for the end of the session he let me know when he was ready to begin the other side to my job and just like Jeffrey did the first time, he requested me to take off my clothes starting with my shirt. When I complied, the requests kept coming in and before I could change my mind and run away, I was having intercourse with this man that was so comfortable doing all of this while his pregnant wife and children slept in the room beside us. When he had climaxed, we both got up and dressed and he paid me a large tip even though Jeffrey would be the one to actually pay me for my time spent there. Just like it had all started, it had also ended so quickly and now that was that. I had to accept what my duties were and now I could go back to Jeffrey who would be further pleased in my demonstrations to keep him happy.

I was called the next morning to come over to Jeffrey's mansion that afternoon for lunch, a swim and of course a massage session. Knowing all too well they'd be expecting the gory details of last nights events with my new clientele. I came there at 1pm as requested and sat down for a light lunch and a swim. Jeffrey was mostly conducting business from his offside pool office, but he came to ask me if everything went well the night before. I told him I did everything asked of me and I am quite confident both my client's were more than pleased with me. He gave me a quick grin, before he headed back to the office, throwing a purple grape down his throat as he walked away.

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Lying out on one of the pool decks blue and white striped lounge beds I was waiting for Jeffrey to finish his business so I could give him his massage. He never took too long with his work, unless there was something wrong and then we would all have to wear his mood but today he seemed fine though, when we went up the stairs he told me we would be leaving for his ranch in Santa Fe', New Mexico in the morning and I'd need to be packed and ready tonight. They loved leaving in the spur of the moment, Jeffrey once said he checks with his pilot Larry on the best weather before he heads to a different destination. I enjoyed spending time at his ranch being it was my favorite of all of his residences. He had a lavish Mediterranean looking castle on top of a hill that over looked his extensive 7,500 acres of property. It has an indoor pool, gym, and all the trimmings of extravagance I could only imagine. I had a great time on the quad bikes, Sarah and I often got scolded for tipping one over going to fast or trying to go up a steep hill, but we knew those weren't the things he cared about, so it wouldn't matter. My favorite of it all was his little town with it's own fire station and truck, stables full of horses, and little cottages where the housekeepers and ranch hands lived.

On my own time I would take one of the quad bikes down to the stables and saddle up on one of his beautiful horses and go for a ride in the open terrain. It was coming up to the end of a very cold winter and it still had the snow covered mountaintops and brisk air that I loved to take in during my many trail rides. I have been an experienced horse rider since my childhood, and could honestly pinpoint some of the best memories of my life being on the back of a horse. I acclaimed with thrill in my voice "Great, I'll get packed as soon as I get back to my apartment" he threw in "Pack for a few weeks, as we will also be making a pit stop to L.A for some business afterwards and then to N.Y.C." I was used to these round trips with him, it was great as I was saving loads of cash and about to buy myself my first car.

Jeffrey, Ghislane, Emmy and I all left the following morning, as planned. Arriving in only a few hours at his awe-inspiring Santa Fe Palace was always a delight. Still frisk in the air, my petite frame looked even smaller in these gigantic overcoats. Nonetheless I was looking forward to spending time out in the fresh clean air and open land. After a few days of leisurely spending our time on the ranch, we went to the Indian markets in Albuquerque for a bit of shopping and sight seeing. Jeffrey wasn't the most off road kind of guy, so when we went sight seeing it was more like museums, boutique shopping, and local art galleries. Still a splendid trip though. With me picking up a few nifty collectables to bring back for my family and knowing how much my mom loves Indian apparel, I thought it would put me back in her good books for awhile, I hoped at least. There was some lengthy time to put a

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little water under the bridge between my folks and I. With my life heading in a different direction I didn't see any use in holding on to so much hate especially that I didn't even have to see them that much.

We got back to "Zorro Ranch", the name Jeffrey chose to call the massive land he bought to build his fortress on, and Jeffrey told me that he was looking forward to one of my famous relaxing massages and with that notion he gave my bags of shopping to one of the many housemaids who greeted us at the front door and asked her to bring my bags to the exquisite room I was staying in. We headed straight downstairs just past the massage room and gym there is an indoor heated pool, shower and spa. First Jeffrey wanted to warm up in the spa underneath a decorated ceiling of clouds and blue skies. Starting the massage in the spa I rubbed his feet while he reclined into the spa's jets. We spoke of the museum and some of the knick-knacks I had bought and I thanked him for the turquoise earrings and necklace he had got for me as a gift, joking about not ever knowing what to get for him, being that he was richest man I'd ever known. By no far means did we ever have any kind of a mutual respectful bond between us, but there was a significant softer side he began to share with me that was different from how he treated his other girls. Maybe it was my feet that filled the shoes for that time being, or the fact my novelty hadn't worn off yet, but what ever it was I was getting confused from the double-sided life I was leading.

He got up from the spa tub shortly thereafter and asked me to come wash him in the shower. It was nothing unordinary to me, I was used to his need to be nurtured and pampered. I performed his request with a cheerful mannerism, letting him think I was taking care of him out of my sheer sweetness. I got the towels ready for him to get out of the shower and towel dried him, patting his skin instead of rubbing as previously instructed. "You know you have a very maternal instinct, you'll make a fine mother someday", he would constantly acclaim at my gentleness. "I hope so" I replied, I would love to have my own babies one day, but not any time soon". Laughing at the very thought of that.

We walked up the steps and through the French doors into the gym's adjoining massage room. It was smaller room than in his other houses, placing the emphasis on the large massage bed in the center. I grabbed another clean towel to keep him warm while I prepared the music, lights, and oils. He liked me to use mostly lavender or other aromatherapy scents, which reminded me of woodlands in the spring. Always enjoying the beginning of the massage, I put my heart and soul into training in my profession. I could just close my eyes I would see only with my hands the areas that needed the most work, and even though I wasn't a professional yet, Jeffrey could feel and told me there wasn't many that could please him during a massage being untrained. I'm sure now it was just

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something he'd say nice to all the girls, but in the time I had known him I could honestly say it wasn't like him to compliment girls in any other way than regards to a sexual performance or their looks. I was flattered at his praise and when the massage was over, so were the sentiments. I was back to being used for my body and what I could do with it.

With him satisfied and off for a nap, I could go do what ever I wanted, like usually I would go down to the stables or something adventurous, but today I was in a melancholy mood, just wanting to relax and unwind myself in a giant tub in my bathroom. I got out some of the oils I used on Jeffrey putting them in the steaming water and popped two of my Xanax pills, forgetting about my troubles and focusing on the quiet moment at hand, just wanting to soak up the peacefulness of it. Nearly slipping away to sleep in the tub, I was startled when I got the call on the intercom to come down for dinner.

Everybody seemed in good spirits at dinner, which helped to lift mine. We all ate our meals and went into the movie room to watch a newly released movie. It was a ritualistic scenario, most nights that everyone was at ease we would all sit in one of his various located movie rooms and hang out together. Just as he always would Jeffrey asked Emmy and me to both grab a foot during the movie that night and just keep massaging through the film. We were always on call for duty, no matter where we were or what ever time it was. He would just plop a foot up or pass over his hand at any given time and require a massage, even if the film went on for over two hours, I would still be required to sit on the floor rubbing his feet or hands, and even his scalp at times. After the credits had rolled Ghislane got up to close the door to the room and I knew she had received the signals herself and would proceed to manipulate, violate, and use us to satisfy Jeffrey's urges once more before he went to bed.

The blue illumination from the empty T.V screen was glaring in the tenebrous room as we watched her undress in a light that relied on the reflection of the moon through the windows peek to show it's proceeding display. She walked back to the sofa where I was sitting at Jeffrey's feet still rubbing away and uncovered her shirt displaying ample bosoms for his appeal. Approaching me like a lioness hunting her prey she stood me up and led me to the other couch across from Jeffrey and situated herself on top of me, sliding her fingers through my dress to unbutton my attire, revealing my girlish figure and two small peaks. Pushing my head into her breasts I was being fondled by Emmy at the same time, which took her cue when she saw Ghislane look in my direction. From an occasional glance upwards, I could see that Jeffrey was up to his methodical foreplay stroking his manhood while watching the build up to his main event. They both took turns making me moan from their touches and when

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Ghislane was ready too she would insinuate we do the same to her. She urged me downwards, until my head was between her opened legs and giving into her wanton indulgence. Twenty minutes passed before Jeffrey exerted his last energies for the night, the only advantage of being with an old man was they could never last long.

Departing to our own separate quarters for the night, I called T.J for condolence. It was so important for me to feel like I had someone out there who saw me as more than a pretty girl with vulnerabilities. I needed to maintain some sort of a connection to my youthful side. But it would be to no avail as I was getting used to being badly disappointed by all the men in my life.

Chapter 8

The phone nearly rang out and as I was about to hang up the receiver when he finally picked up. On the other end of the phone I could hardly hear T.J above the background noises. When I asked where he was he told me "At our place baby", meaning the apartment Jeffrey had rented for me to be staying in alone. He already sounded off his chops elongating his words and slurring his speech. There was music pumping and people shouting behind him and every one sounded like they were having a great time. I was so sick of his friends coming over using my house as a place to party and then trashing it so bad I would even have to sometimes throw my furniture out. I blew up at him over the phone and threatened to kick him out, back to his parent's house, so much for my relaxing evening I thought to myself venturing on to tell him "You leech off me using the money I leave behind for you for drugs and throw these gigantic parties while I'm away." Also mentioning the disastrous messes I would come home too. "I am so close to ending it with you", I would openly threaten, but he knew better than I did, that I just couldn't bring myself to do so, needing some attachment to my youth through all of this. "Don't worry baby" he would say attempting to soothe me with his false words going on to tell me how much he was missing me and how he was always thinking about me when I was away which was like all the time.

I would soon be buttered up and soft for serve. This was my penalty for choosing a guy that accepted my lifestyle with my "Other-Man" as I had so eloquently put it to him once as not only acceptable but deemed it "Cool". The conversation ended with an easy good-bye and no "I-Love-You's" or anything sweet. We weren't those kinds of partners yet, so much time spent away from each other and the lifestyles we both led, I couldn't expect much more from him than what we already had.

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Jeffrey and I left two days later, heading off to Carmel in California for a business trip of his, leaving Ghislane and Emmy to catch a commercial flight back to N.Y.C, where we would meet up with them later. When we arrived at the hotel we were given badges for the meeting tomorrow and settled into our rooms. We got adjoining rooms, keeping the doors open at all times, but sleeping in different beds. He liked sleeping alone, even after a late night session I would always go back to my own room. I think that's why he liked me so much I never put pressure on him to become intimately more than what we were already, never giving him the impression I wanted more than what we had. It seemed to keep him happy just the way we were together. I hung out with Jeffrey that night, going to a restaurant for dinner and afterwards watching a movie back at the hotel.

The next morning we went for an early morning breakfast before the conference and Jeffrey gave me some money to go shopping instead of attending the all day meeting with him. I was more than obliged to accept his request, and wished him a good day before planning to meet back in the room around six pm. He gave me five hundred dollars. He said it was just enough to go have fun for the day and a girl of my means could find plenty to do with that kind of money. I walked around the many boutiques that lined the streets of the picturesque cozy town, and picked up some bits of clothing here and there and even met a girl who was passing through on a road trip. She was somewhere in her late teens with golden sunshine tresses, olive skin and blue eyes. Her name escapes me, as it was so unexpected, I think it was Tina or something like that but she was your typical California carefree chic, offering me a few tokes of her jay as we ducked down a side street together. I was so happy I had met this girl, as she was fun spirited and charismatic a relief from the social expectations I had come to know lately, but always being "on-call" as I had been trained up to be, I ended up inviting her back to meet Jeffrey at our hotel later on as a surprise for him. Maybe she was just a bit too carefree for Jeffrey's taste but anyhow she was pretty enough to let him be the judge of that matter.

Over the next hour of hanging out together I found out that she was on a road trip with her best friend who was still sleeping off the hard night of partying from the night before. She was originally from the southern states as she had a bit of draw still left in her accent, and she had recently left her boyfriend because he was leaving for a college too far away not believing in long distance relationships. Then it was my turn to dish out my contribution to the conversation of getting to know each other better. I always got anxiety before I would tell a girl what I did for work and romance (as such), morally I was ashamed of who I was especially with a girl having led somewhat of a normal life. Next, as always, I expected to

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be probed with so many more questions and having to make Jeffrey sound ideal and hot for the taste of a young girl and knew I would be point blank lying, so I told her some of the truth which was that he was really rich and paid good money for a massage and useful to have around as a contact. I told her he'd give her two hundred dollars for a two-hour massage with me leading the way and warning her he was known to be frisky during the session. Unexpectedly she said she could use the money and then came the part that I hated the most, but had to do so they wouldn't be as shocked as I was the first time I had met him. "He does like us to be nude though and sometimes asks for more than just the massage itself". All I could do was wait for a response after a shocking sentence like that, and depending on the girl, most were sadly taken back by the money. Her carefree attitude seemed to disillusion for a moment when she gave it some thought and asked me "He's not like, fat and ugly, is he"? " " No…no…not at all" I replied, "He's got more of a Richard Gere appeal to him". Trying to make him sound a little more measurable than just a rich old man that likes to be with girls younger than half his age. "Well then, what time shall we meet tonight"? She asked next. Great, I thought, Jeffrey would be most pleased with my find. "Knock on my room quietly, you're going to be a surprise. Be there at around half past seven tonight and I will introduce you to Jeffrey". She threw the butt of the second jay we shared in the bushes and we strolled into a homemade fudge boutique to get some relief for the munchies we now had.

When I got back to the hotel at around a quarter to six o'clock pm as requested I'd be, nobody was back yet, so I took the time to set up the oils and bath in my room for his massage tonight. I thought I would plan it so the girl would be cleaning off, as Jeffrey liked before he had sexual contact with a new girl and he could walk in and be surprised to find a strange beautiful girl in my room who wanted to massage him. Jeffrey walked through the door not long after I was done prepping for the night ahead, looking like he had a rough day at the office, which was very rare for him. He sat down on the bed and I asked him how his day was. He didn't want to talk much about it, saying it was boring and long, rather asking what I got up to for the day. Being coy about having a jay and his unexpected surprise to come, I told him it was a great day of shopping and sight seeing and I even brought him back some local made fudge from the shop that had fulfilled my chocolate cravings only hours ago.

Telling him of the places I ventured into I mentioned to him "We'd have to hit the fisherman's wharf tomorrow. I saw some locals walking around with breadbaskets filled with creamy clam chowder and it smelled absolutely scrumptious." He said if the weather were nice we'd check it out tomorrow before we left for L.A. He wanted to take off his jeans and

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collared shirt and put on his normal attire of sweatpants and a sweatshirt. Ushering him out the door for dinner when he was more relaxed I was lucky when he said he was starving and quickly got dressed. We just found a quite spot to eat that was next to the wharf and got back to the hotel just in time for our surprise guest. He wanted to go have a shower and settle down for a massage, so I told him I'd join him in a minute, I just had to make a phone call real quick which he thought was odd and asked me if everything was alright, I reinstated that I'd just be a minute, trying not to let on about anything. The knock came quietly on my room's door just on time, as we had planned and I told her my idea to surprise him. I let her into the bathroom where she orchestrated my plan perfectly. Jeffrey finished his shower without me and when he called out for me I told him that I needed him to have a look at something in my room real quick. Not giving in to what it was that he would be looking at, he came into the room where I opened my bathroom door to reveal a beautiful nude girl bathing in a thick amount of soap bubbles in my tub looking at him with an alluring intrigue. His grin went from ear to ear when she stood up and introduced herself letting the bubbles run down her glistening body at an ever-slow pace. It was a proud moment for Jeffrey, I had done well in his eyes, and she was not like the other girls I had brought to him before, degraded from a lifetime of abuse off the streets. This girl was exactly his pro quo looking sweet and innocent as the girl next door. My efforts were to show him I knew that my only responsibility was to keep him happy at all costs. I led her through the massage on Jeffrey and of course afterwards gratifying his perversion with his lustful requests to be fondled and watch us become more than just friends. I didn't feel too bad at the time with his coercion providing many financial rewards making his scheme enticing to a young, impressionable teen not realizing the terrible memories left to come from all of this. Afterwards he paid her the usual two hundred dollars he gave to everyone for their time and took down her name and phone number writing it in his infamous little black book of the contacts he met in every city but only the ones he really liked made it down in his records.

We went out the next afternoon as I had suggested last night and we ate our clam chowder breadbaskets over looking the wharf's bay, watching the seals playfully barking at each other on the rocks nearby. Shortly after we were driven to the private airstrip and took off for Los Angeles. On the plane was an unexpected visitor. Matt Groening the producer of the "The Simpson's" T.V show was catching a ride with us. I was so excited, as I loved watching his show and acted like a star struck fan, asking him everything from his initial idea for creating the show to where he got his characters from. He told me it was all based on his own family make up,

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but without the crazy father and son scenes of Homers hand around Bart's throat.

I was enjoying our conversation, when Jeffrey insisted that I give Matt a foot massage throughout the duration of the short flight. I never turned down a client but when I saw the shape of his feet, I nearly threw up at the thought of having to touch them. He had yellow crusty toenails that even someone with a chainsaw would've had troubles cutting through and then there was the fluffy balls of leftover pieces of sock wedged between the crevices of his sweaty toes, now that was the real icing on the cake for me, no way could I attempt this I thought. Then I had an idea. I went to the back of the plane and rinsed a wash cloth in warm soapy water and returned for his dreaded foot massage but not before attempting to clean them first.

In return for my services Matt was kind enough to draw me two quick sketches on blank paper from his briefcase of my two favorite characters, Homer and Bart. I asked if he would make them out to my little brother and dad, the true fans of the family not missing an episode during dinner over the past ten years or so. Next to the A-4 size drawing he was able to fit in the quote "To my greatest fan from Matt Groening" and their names next to it. I knew they'd absolutely love it, and it was such a nice gesture his feet were no longer an issue as I laughed it off and even made a joke to the comedian about getting a pedicure before hitting L.A's beaches.

The flight was only short and we arrived in busy L.A within the hour, saying Good-Bye to Matt, who was a pleasure to meet. Jeffrey had a meeting at a production studio for one of the girls he was keeping lured in his grasps, so we were off yet again for more business. We were staying with one of his old girlfriends, Jeffrey's code for "She got to old for my taste, but was still nice enough to keep around". She was a tall blonde with blue eyes, a stereotypical Barbie doll. In her younger years she had been a successful model and now lived on the beaches of Santa Monica with a sweeping view of the oceans landscape as her backyard.

The next morning Jeffrey and I went out to breakfast. He said Sarah Keller, would be joining us with another one of Jeffrey's girls I hadn't met yet, her name was Nadia Bjorlin and she was a Yugoslavian model turned aspiring actress, with the help of Jeffrey, as he so proudly remarked at the table before they arrived shortly thereafter. She was a stunning brunette with olive skin tones and shocking blue eyes. By far one of the most beautiful girls I had ever met before. She and Sarah approached the table, shopping bags in hands already in the early hours of the day. They both pulled out a chair and showed us their new pair of Jimmy Choo's they had bought on their way here this morning, and excitedly asked for Jeffrey's opinion. He loved the doting attention and anyone who could make him feel important. We all went back to Sarah's

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apartment that Jeffrey rented for her on Malibu Beach. This was the first time Jeffrey came to visit and when we got there you could see why. It was a tiny one-bedroom shack, too small for his likes of accommodation, but she loved it and it was plain to see why, the waves lapped underneath her porch twice a day, what else could anyone want. Before even walking through her door, you could hear the commotion of excitedly screaming females voices coming from inside. There were about five other girls in Sarah's living room and she had invited them so Jeffrey could have a few different girls to choose from. Jeffrey looked at Sarah and smiled, aren't you sweet, as all the girls rushed to introduce themselves, hoping for the opportunities Sarah had offered them to come in the first place.

We all had some coffee and biscuits while the conversation kept getting louder and louder, every girl trying to talk over the next one. Jeffrey could handle only so much of that before getting too annoyed. Instead of choosing one of the other new girls, Jeffrey wanted Sarah to show Nadia and I into her bedroom. He was anticipating the introduction of his two favorite girls together, what mischief he had hoped we would get up to was apparent when he asked where Sarah had kept her play toys and not the fisher price ones. Sarah brought out quite a collection of her personal toys and was giggling on her way out as she shut the door. Suddenly the room behind us went quiet, probably hoping to catch a moan or groans too laugh at and I felt so degraded having everyone knowing exactly what was going on. Knowing my duties well I was baffled this time as there was no ritualistic massage wanted. He immediately instructed us to start kissing and fondling each other with the provided toys straight away seeing his excitement grow watching us try and out do the other one with pleasure, he couldn't keep restraint any longer and started to have intercourse with the both of us, taking his erect penis out of the other to only swap to the other girl, back and forth. This continued for a good fifteen minutes or so while we continued to engage in lesbian acts on each other while the other girl was being subdued by Jeffrey's thrust's of penetration. Nadia was just as dutiful as I was in fulfilling his demented requests, willing to lend her body to Jeffrey and those he sent her too, for the sake of keeping her acting career and putting on a good act at that. She was never competition though. Once I found out where she actually came from I took pity on her for the similar life of servitude we were both accustomed too and not that we ever became good friends but we had reason to relate to each other.

Later on Jeffrey, Nadia and I went to a production studio in L.A, where we had to meet with Nadia's agent as well as the producer of "Day's Of Our Lives". The meeting lasted five minutes, with everyone in consent to the proposal. We flew all the way out there to talk about money, only to be leaving that evening back to N.Y.C. On the way to the airport we

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stopped at a fifties looking diner and got a cheeseburger and vanilla milkshake, the first and only time I saw Jeffrey eat what I considered to be real food. Seven lanes to drive in and the freeway was still lined bumper to bumper in the heavy rain. The sound of downpour on the rooftop of the taxi and the rhythm of the windshield wipers was making me sleepy. I was looking forward to sleeping through the long flight back. Thank goodness we had a private jet to catch back, the trip would be comfortable and not rushed to get there on time through the daily peak hour traffic. Jeffrey asked me what I thought of Nadia, more of a kiss and tell kind of thing for him, so proud to admit some of his tenacious acts of pedophilia to me that I knew most people would be embarrassed to even think aloud but I said what he wanted to hear when he asked me what I had thought of her on the way back. I replied, "She is attractive, funny, and seems to know what she is doing with you." Laughing at my statement, he then started to tell me the history behind where he got her. Five years ago when she was merely a teenager just turned thirteen. Her father had recently passed away, leaving Nadia's mother in a tremendous amount of debt and living in a third world country, she didn't have the means necessary to raise her own daughter. When Ghislane approached Nadia for the first time at a music school, she seemed like a maternal, caring stepmother. Telling Nadia's mother if she let Nadia go with her, she would se to it personally that Nadia receive the best education and chances in life to make it. In her customs it wasn't odd for a young girl to be married off to bring the family good fortune, so she kissed her baby girl good-bye and sent her off to commence her life of servitude. I sat there speechless listening to Jeffrey brag about his endeavor to get her over here, shocked that he could stoop as low to use a barely teen to oblige his sexual desires. He was laughing and giddy as he replayed the memories of her arrival over in his head, painting me a horrific picture I had no choice but to imitate a smile to face him with.

No pretty girl is safe from the allurement of these villains procuring the youth off of every street in the world. I knew that day more than ever before those morals did not exist for people like this. Jeffrey once told me that every girl he has had sexual relations with has benefited in their career, finances, or an achievement in marriage with a successful colleague of his. Mine was the massage career, ever so often still giving me a lesson from a professional, which kept me quiet for a while longer. I thought I was already knee deep in this world, if I gave up after putting myself through all of this hell it would've all been be for nothing. So I treaded lightly, constantly at a risk of being replaced by another willing participant and playing the eager student he wanted me to be.

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Chapter 9

We met Ghislane and Emmy in N.Y.C, and it wasn't a blissful reunion as I hoped for, wanting a break from all of this I was just looking forward to getting back to Palm Beach, not leaving for a further four more days. I got home late in the evening as Jeffrey invited me out to the movies after we had relaxed at his house for a while after landing.

I put my keys through the door to my apartment and walked in to a quiet house. Not thinking anyone was at home I set my suitcase on the floor and put my cell phone on charge as I always did to be accessible for whenever Jeffrey or Ghislane could call. I went to get a drink out of the fridge when I heard some noises coming from the back of my apartment where my bedroom was. I started back there and slowly turned my doorknob to reveal T.J on top of another girl. When they noticed they weren't alone anymore, T.J got off her with promptness. I recognized the girl from seeing her around at parties, and she was the town lowie, scattering her trail of guys along with her presumable diseases, and I wasn't shy to verbalize that when she tried to open her mouth and calm the heated situation between T.J and I. She didn't like her cards on the table in front of the guy she was screwing around with and got up in a fit of rage to attack me. Still nude with only my new white sheets to cover her body, I threw her out of my house along with T.J. "I have been paying your way for months, only finding out your sleeping with the biggest slut in Royal Palm Beach, at least have some dignity and higher your standards." I didn't really have a leg to stand on since I had started this relationship giving him the knowledge I had a sugar daddy to answer to above him. "You're gone all the time and with that old man, what did you expect me to do"? He was right, I wanted what I couldn't have, but I needed some time to cool down and accept my situation. I loved having T.J around to come home too, and he used to be my best friend in my school days. I convinced myself of the lies I continued to accept.

Days later I was still not speaking with T.J, mentally adjusting to my circumstances, I thought I'd have the day off to relax since I hadn't been called all day. Until about five pm when Ghislane called and said Jeffrey would like a massage in an hour. Grudgingly I got up from relaxing on the couch, got dressed and put my make-up on, meeting Juan downstairs a half an hour later. Jeffrey was already lying on the massage table when I walked in. I started the massage being very quiet from my somber mood, when Jeffrey picked up on it and said "you know it's not good to massage people when you're angry, you could pass on negative energy". I wasn't sure if he was serious or just trying to be nice so I could speak about what was bothering me. Ending up not being able to contain my

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emotion any further I told him what happened with T.J and broke down in tears, a little heart broken from living in such a lie. He turned around from his massage and sincerely paused for a second thinking he was going to console me but instead he laughed at the very prospect of my notion that monogamous relationships ever existed. "Are you serious, he was only doing what every guy in the world does, you can't hold that against him". I replied in a lighthearted gesture "whose side are you on anyways"? His answer stuck with me for many years to come "I'm on your side which is why I'm going to save you a lot of grief with this one tip, Never expect a man to be faithful and you'll never be let down, it's just the way us men are genetically imprinted." The remainder of the massage I had to pretend like I wasn't further saddened by his response, but in fact having to act enlightened. I would never come to him for any other relationship advice, ever again. He told me I'd be fine if I just listened to my mentor. He still loved role-playing the teacher and me the pupil, like the old days before he got rich and only used to be a college professor. I finished the massage and fulfilled my sexual duties before being sent home wanting to collapse in anguish.

T.J was outside my apartment door when I got there, his mom waiting downstairs in her minivan just in case I kicked him out again. He pleaded his guilt and promised that he would never see her again, agreeing with me that she was the town slut and he screwed up big time. I let him back into my apartment and back into my life for that matter but more aware of the world I was being led into believing was of normal conduct accepted by everyone in this sick world. Jeffrey was going back to N.Y.C and told me to have a few days off before his assistant at his office would arrange an E-Ticket on a commercial flight for me to join him later in the week. I had just made loads of money from my previous trip and wanted to relax like any teenager does, so I threw a hotel party that weekend on Singer Island in Rivera Beach, inviting only a small group of friends to begin with.

The hotel room quickly filled up with a flood of teens and the pumping music was blaring. The room had a balcony overlooking the pool and the beach that became the smoker's section. I wasn't a real smoker at that point, preferring to have a puff of a spiffed blunt instead so I made it my rule to go outside trying to prevent holes in the carpet, but it didn't last too long when our forbidden walls came tumbling down. Making so much money that I could supply my wild parties with an assortment of drugs like trips, ecstasy, and coke as well as an abundance of alcohol, that T.J had all the contacts for, made my fellow teens admire me. It definitely gave me a head swell, thinking here I was so young but so grown up already with all of my peers from high school looking up to me. In the wee hours of the morning we were all still going hard with our eyes

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dilated into little black diamonds. We were all having in depth conversations about life and where we would all end up when this charade was all said done. Nobody got to sleep that night as the room slowly dwindled in numbers as people were finding their way home to recover from the repercussions of drugs wearing down out of their intoxicated system.

When I flew out to N.Y.C to meet Jeffrey the next day, I was still in a horrible state. Not knowing what was wrong with me, thinking it was just a bad come down, I rushed out of the elevator and down the hall to my room, sweating profusely, to make it just in time to the toilet to throw up bile again for the uncountable time since getting off the plane. I was having intense cramps in my stomach and when I was called down to meet Jeffrey in the massage room, I had to decline for the first time. I told the housekeeper that I was feeling very ill after the flight, maybe some off food for lunch and needed to lie down for a while. Nobody came up to check on me for hours or even called. Waking up from my much-needed nap, I pulled back the expensive white sheets to find myself in a pool of my own sweat and blood. I was covered in the red stains that drenched the pants I was wearing. I had no idea what was going on, I could only focus on the dire amount of pain I was in. In between the heaves of throwing up and crying simultaneously I was able to reach the phone and called the housemaid on the intercom. I told her I needed to go to a hospital immediately and slammed the phone down only to fall back to the floor hurdled in a ball. She didn't hesitate in calling Ghislane who ran up to see what was wrong. Ghislane then called Jeffrey who was in his office at the time and told him to hurry up to my level, stressing to him that it was an emergency. Thinking they really cared about me for the first time since I had known them, they came with me to the hospital with me. Now I realize I was only a liability in getting them caught and they needed to get to the doctors before I could say anything incriminating. They were suspecting the worst now and seeing he never wore a condom with me and from our previous conversations they knew I always made T.J wear one, they feared the situation at hand.

When he saw the catastrophic state I was in at that point, it was the housemaid who helped me get up and assisted me down to the car where Jo-Jo was waiting for me. He drove us to either Lennox Hill Hospital or Mount Sinai, I can't remember, as it was so blurry in such a bad condition. Rushed in for immediate testing I was uncontrollably vomiting and in so much agony, I was given an injection to help me to subside the intense pain. A nurse came in to ask who would pay for this and although I insisted my parents insurance still covered me, Jeffrey persisted that he take care of all the medical bills and gave the nurse his information.

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When the pain relief kicked in, everything and everyone dwindled away until I felt like Alice in Wonderland who just swallowed the shrinking tablet and everyone standing around me seemed to move so quick, speak so loud and hover above me. When I awoke from my induced state, I was alone in a different room. Not knowing at all what went on but feeling a little better, I called in the nurse who looked through my charts and checked my vital signs. Then told me the doctor would be in shortly to inform me of the conclusion to my illness.

He was a tall man with dark hair, and a hardened look about him obviously from his job and constantly seeing the worst horror stories man could think of, he just bluntly told me I had miscarried in early stages of pregnancy. I should be fine to go home as soon as my course of intravenous antibiotics was complete. The news sunk in fast and hit a deep nerve. I waited for the doctor to close the curtain before I let out any emotion and cried for my disastrous lifestyle that was dragging me into a world that I wanted to break out of. This reoccurring cycle of believing I needed men like Jeffrey to succeed in my life was draining the last bits of sensitivity left in my heart. I was picked up by Jeffrey himself who took the doctor alone to the side of the busy hallway to have a private conversation about something. Jeffrey wasn't comforting at all, instead he sent me back home to rest for a couple weeks, and I only fell deeper into a depression, using all forms of self-medication to treat my sorrows.

Two weeks later, as if Jeffrey was trying to lighten my spirits, he told me I would be going to his island to meet a new client. He is a Harvard Professor, named Stephen Kosslyn. I would be spending two days with him showing him around the island, dining with him, and treating him to a massage whenever he wanted. Without Jeffrey even verbalizing the need to have sex with him, he told me to keep him happy like I had my first client. I packed my suitcase with island apparel, and kissed T.J good-bye, who had at least offered me a warm embrace upon the news of my miscarriage but none other than that knowing it wasn't his.

Stephen was a quirky little man with white hair and a mad scientist look about him. We arrived separately and I greeted him when one of the housekeepers picked him up from the airport and arrived by boat, instead of helicopter as Jeffrey and Ghislane often arrive on. We made our acquaintances and he looked as if he was tripping over himself with words, obviously delighted with his company and location for the weekend. I showed him around as Jeffrey had asked and took him on an adventurous quad bike ride around the small curvy paths, leading the way and letting loose my hair, doing something that gave me a natural high instead of the prescription one. The sights alone were breathtaking from the mountainous peaks of the untouched parts of the island, we sat at a cliff and just sat there, not saying a word to each other besides to

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compliment the sights mother nature that appealed to us. I didn't feel as if I owed this stranger anything but what was expected of me by Jeffrey and I could be polite, I just couldn't be myself.

We got back to the main villa to see what time dinner would be served so we could have time to unpack and clean up beforehand. We both met at six pm for dinner on the outside veranda. He sat at the head of the table and I sat next to him, politely folding my napkin to put in my lap. The first time Jeffrey and Ghislane had seen me cut meat and eat with a fork and knife they were so appalled, making fun of my unsophisticated habits. Ghislane took the fork and knife in her hands and proceeded to show me how to politely cut my food and eat. Now that my mannerisms had improved they wouldn't have to be worried about my etiquette when someone important was around anyone. We both drank the red wine supplied on the table and it seemed to warm me up on the breezy night. By the time dinner was served and another red wine bottle later, he seemed to get funnier. I made fun of his tousled hair and he poked at me for my skinny legs, calling me a wanna-be- anorexic. When dessert was brought out, he asked if he could receive one of the delightful massages he has been hearing about from Jeffrey. I gulped more red wine down and sweetly complied with his offer, dreading the moment I'd have to see his naked body, let alone touch it. I asked the housekeeper Kathy that had been serving us that night to please have someone set up a massage bed in one of the cabana's. I went to my room to down a few Xanax, telling him I wanted to freshen up after dinner but to meet me in his cabana in twenty minutes or so. I was ready to go as I had said, twenty minutes later, with the effects of the tablets mixed with the red wine, and I would be free not to feel anything. He was still dressed when I got in the cabana, obviously not accustomed to this and a lot shyer than what I had been used to, I told him he'd need to undress and lie face down on the table, putting a towel to cover his bare bottom to prevent him feeling embarrassed during the massage. I gave the massage my earnest as I always had, and quickly get through having intercourse with him. Not wanting to make any foreplay or anything extravagant out of it, I let him think that's as good as it got, and by the smile on his face, I thought I had done enough.

The next day I took him down to the beach for a real massage under a tiki-hut on the waters edge. It was one of Jeffrey's favorite places to have a massage, as he droned out to the sound of the waves and my gentle therapeutic strokes. Afterwards we had lunch back at the main villa and went back down to the beach to swim out to the water trampoline about one hundred meters off the dock. He didn't do any bouncing around or anything like that. It was just a good base point for a rest spot after a long

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swim. What was really cool about it though, was you could see through the mesh and watch fish swimming underneath.

The rest of the afternoon we spent by the pool reading magazines and eating fruit plates. Eventually he went to his cabana to have a nap later on. That night after dinner and my mixed cocktail of Xanax and red wine, I asked if he'd like another massage before I went to bed. He just wanted to stay up watching movies in Jeffrey's theatre room. As peculiar as that request was to me I didn't argue it, I just hoped I hadn't disappointed him in any way that could make it back to Jeffrey. I showed him how to use the remote and turn off the T.V when he was finished before going to bed. The next morning we were both catching a flight from St. Thomas and we had no time for anything other than breakfast and packing, which saved me from having to be too polite as we said our good-bye's from the terminal in the airport, both hurriedly off in separate directions, thankfully. I arrived back in Palm Beach, only to be told to catch another flight the next day to N.Y.C, where Jeffrey would fix me up the money he owed me for treating his colleague out to an entertaining weekend.

Chapter 10

I was fixed up more than what I had usually made for two days, which was great because that car I had been saving for was finally within my reach. I had been waiting for the freedom a car gives every teenager for a long time, and now that I had over fifteen thousand dollars saved up I could pretty much afford to go buy myself a nice car outright. Looking much better than the last time I saw him Jeffrey acknowledged it. I went to his office where he was waiting for me and he had a guest with him. She was unusual looking to the common stereotype drop dead gorgeous girls Jeffrey had normally introduced me to. Of Asian decent, her name was Rena. Jeffrey had met her at an art gallery where some of her own artwork was on display. She had a bubbly persona about her and I could then understand why Jeffrey liked her so much, she fit into the subservient category that he liked his girls to fall under. It was apparent to me that they had already slept together in the short time span they had met, as there closeness was oddly noticeable and I wondered what it was he was offering to her in exchange for her body. I found out later from Jeffrey that he was buying her artwork, promising her the world as an artist, telling her he'd have her work in the all the museums in N.Y.C and the best art exhibits. Everyone was promised something, and seemed to be bought off in someway or another to be in his company. It was only a matter of time that the truth would come out.

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To my own amazement Rena was to be assisting me in Jeffrey's massage this day, not being a total knockout or anything spectacular, looks wise that is, but for some reason he seemed intrigued enough. As we made our way through his spectacular mansion she was in total awe at every corner. Commenting on the present artwork and décor that we passed in every hall, it no longer seemed so grandeur to me anymore but hearing someone else speak about it in such excitement reminded me of the days when all of this seemed so unforeseer.

When we got to the massage room, or "The Dungeon" as I used to put it for it's medieval looking appearance, we firstly out of custom all had a steam shower, where Jeffrey expected me to walk her through a servants duties, telling her to take his other foot and start rubbing in small circles and stroking the arches of his foot rhythmically. Rena took the instructions well and began to massage him too. When we all went to the shower next and she followed in my exact lead washing his body as well. Jeffrey absolutely loved the fact that two teenage girls were dually pampering him. Jeffrey wanted to move to the massage bed and I had to further begin to show her about the body, upon his accord. She mimicked my every move up his legs and buttocks, keeping up with every stroke until he could not contain his arousal any longer and was already requesting us to start kissing each other, the start of the very reason we had even met in the first place.

He blatantly stopped the massage nowhere near being complete and turned over to announce his increased arousal in a physical abundance of grotesqueness. Moving over to the small couch in the corner of the room he made a space for her to lye me down on the massage table as she had commanded him to do in such a domineering tone that he wasn't used to being spoken down to with. From that very moment onwards and from the look on his face he was yearning for her to orchestrate an hour of deliverance upon my meek nature. He started to stroke his erect manhood as he was being tantalized watching her take over every inch of my body in a dominating act of seduction. I was left breathless and soar after my first introduction into the world of S&M.

Rena considered herself a dominatrix, she loved bondage, whipping hitting, and eventually cutting her sex partner with little sharp knives until they subdued to her punishment in agonizing pain. She was absolutely crazy if you were to ask me, and I couldn't help but wonder what got her into this in the first place. All I knew was that Jeffrey was absurdly taking into the appeal of watching us two interact, often with her acting as my mistress who would fondle me with an insurmountable amount of whips and toys. Then she would love to finish off every session by hitting me across my face with a hard blow from the back of her hand and sneering over my curled up body showing Jeffrey her ability

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to make others surrender to her extreme force. She could be so opposite all of the sudden and be tenderly intimate with Jeffrey stroking his penis lovingly and even speaking in baby talk to him, which he seemed to adore.

He loved us pairing up so much that within months he made Rena an official even renting her an apartment at the same place he had one for me during my extensive trips out to N.Y.C. Sending us out shopping together at all of the underground seedy sex stores downtown we would bring him back thousands of dollars worth of sexy outfits, sex toys and bondage material. His favorite one was a black leather studded collar that lead down the back of my spine to cuff my hands and feet together, offering Rena the most compromising positions to wield her afflictions, one she was excited to pick out for my usage.

She was good at eradicating my softer side though. Helping me forge an unpredictable scenario of me turning the tables on her, making her at my will instead of me always being at her twisted discretion. Jeffrey loved the rivalry between us, both striving to dominate the other one but to me it was just another way of surviving her punishment. All for show I thought she was a madman let loose in a torturesome domain of violent sex and unbearable beatings. I wasn't sure how long I could hold off this charade of S & M, I just didn't want Jeffrey to think I couldn't give him everything that she could, always being replaceable in his company.

She and I could often come across as good friends to his blind eye but it was only a matter of time before the animosity inside of me was going to snap. Doing normal things too made it all half bearable. Having a lot of similar interests we did fun things like go to the theatre to watch "Phantom of the Opera" or visit several historical and art museums together, afterwards treating ourselves for a giant piece of greasy N.Y.C style pizza. Like I said, we really liked each other purely as friends but the dominance in the massage chambers was taking it's toll on our strange friendship. One average trip back to N.Y.C, she surprised Jeffrey with a six foot by six-foot oil painting of her and I lying nude in a ying and yang position facing each other. Although we were soliciting each other with sexual innuendo the picture was still very carefully orchestrated to perfectly portray the darker side of Jeffrey's thrills. It was an amazing piece of work, besides the lewdness of it, but she would've known that's exactly what kind of art Jeffrey liked. He was so astounded by her gift as he had previously asked her to construct a small painting of us together but was not expecting anything of this grand magnitude she had presented him with. He lifted her from the ground and twirled her around before he thanked her profusely and embellished her with his profound gratitude, the only thing Jeffrey had to offer, he handed her a small wad of cash as her payment. It was the most appreciation I had ever

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seen him show a girl. Obviously moved by her gesture, he got her an exhibit in N.Y.C's "Metropolitan Museum of Art" where she submitted her very own piece. She sculpted an image of my headshot out of clay, shaping it with the strands of my long hair blowing across my face. I was taken aback myself at her creation. She really did have an amazing talent if not for her meaner streak she would've been a great friend. I will never forget Rena, for all of the ups and the downs we endured together.

It wasn't too much longer before I finally had enough of the abuse in the bedroom and I had to tell Jeffrey what I was feeling. She was getting even more violent as time went on, and with her questioning me and Jeffrey why she didn't get brought on long trips with him, she didn't get the fact that she was just a tool for him to use. Jeffrey said he was already thinking about getting rid of her off of his "regular list". He said she was becoming too clingy and he didn't like clinginess or jealousy. I never even got to say good-bye or take the opportunity to keep her as a friend, like a girlfriend to catch up with once and awhile, but that's how it was with Jeffrey, one day you sat under the blanket of his comfortably and the next without any warning you could be discarded like yesterdays news. She would've taken it hard but that's the game we were playing and it was for those who knew what lines not to cross.

I was further surprised the next day when Jeffrey gave me a thousand dollars to go shopping in downtown Manhattan to find a classy dress, on top of being sent to the exclusive beauty salon of celebrity stylist "Frederic Fekkai" for a new look. It was amazing, to be pampered like royalty. I walked out of there feeling like I had replaced a young girl with a young woman, I felt beautiful. He had yet another surprise in store for me. Ghislane called me and told me I need to go to a photo-developing store and ask them for two I.D photos then bring them downtown to Jeffrey's Manhattan office. Weird request I thought. I was more used to posing in full body shots being sexually exposed as a gift for Jeffrey. I did as they asked and took my two photos into the office where Jeffrey's assistant was waiting for my arrival. Still not telling me what the headshots were for, she took them from me and told me to have a seat for a second. A moment later I heard Jeffrey call me into the office. "I like what you've done with your hair, you've gone more blonde, suits your glowing tan". I replied with an appreciative "thank-you" for sending me to such a renowned hairstylist, and shopping money. I showed him my finds for the day, an elegant off the shoulder navy blue dress that had two layers that would swoosh and sway with my every stride. I couldn't wait to wear it on a special occasion, and I wouldn't have to. The pictures I had to bring to him, as he would proceed to tell me, were for my first passport. I was so excited, we were going to France for a close friend of Jeffrey and Ghislane's birthday party, famed super-model Naomi

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Campbell. I was so over-joyed with excitement, what girl my age with a background like mine was attending socialite parties and globetrotting the world. It only made it harder for me to see beyond the elusive walls I had put up to protect myself from the appalling truth.

We left in early April first going to London, Paris and then our final destination being St. Tropez in Southern France. If Hallmark had a postcard, St. Tropez would definitely be on the front of it. It was beautiful spring weather and every where you looked women were dressed in bikini tops branded with some kind of designer label embedded into it and the men were following them around like harping dogs in heat. In all of the elegance of the Mediterranean, "La Bastide De St. Tropez" was an impressive landmark. Jeffrey and Ghislane were staying in one of the private cottages, on the park on the grounds, while Emmy and I stayed in separate quarters inside the hotel. The old style cobblestone streets were lined with boutique shops and beauty parlors. It was the hedonistic stomping grounds of the beyond rich and famous.

The next day we went out to lunch at the grand opening of the infamous Nikki Beach Club, where a cheap glass of champagne costs around two hundred dollars and if your not keeping the alcohol consumption flowing like water, you'd be asked to leave to make way for the constant flow of prospectus patrons. That's where I first got to meet Naomi Campbell. She was wearing the typical attire strutting around southern France, a D&G bikini top and a wrap around mini skirt to go over the swimsuits bikini. She was so tall and stunningly beautiful. Her charisma was energetic, funny, and everyone seemed to hang off of her every word and laugh at her every joke. Ghislane and Jeffrey kissed her cheeks and wished her a happy birthday, and then I was introduced and followed in their suit. She was surrounded by a league of assistants, friends and fans, which didn't make it easy for us to all converse but she got enough time in to invite us abroad a yacht of a fellow she was "kind of seeing" at the time for the before party ahead of tonight's event. We went back to the hotel and I gave Jeffrey a massage in his room before we all headed down to the pool to soak in some of the year's first sun's rays.

I loved wearing my new ball gown and feeling like a princess. It was absolutely sensational and made me feel as if I floated in the dress. I swept up my long hair in a twisted clip, only letting down a few curly strands and layered on the mascara. Receiving many compliments throughout the evening when we eventually left the Yacht to make our appearance at the main birthday bash, I couldn't help but feel excitement for the party to come it was the first celebrity birthday bash I had ever been to. Being introduced to model after model and the rich men that followed them around became dizzying. Jeffrey sat back and watched as I buoyantly worked the dance floor, coming back to the table where he

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was, only to grab another glass of champagne every now and then. Every so often he'd introduce to me to someone new, pulling me aside to show off his eager young masseuse to his fellow pedo's. These people had so much money pouring out of them. I don't know why he even thought they'd care in the first place. It made me feel good though. At least I knew I made him proud to have me in his company.

Being surrounded by so many of Jeffrey's colleagues and his likeminded people that were considered the most sophisticated and the highly esteemed of today's world nearly made the way I was living lately more fathomable, at least to myself. I thought if everyone looks up to these people and they are all accepting of it, it must be just the way the world turns. I danced with a young prince that night and with all of the help from the bubbly champagne I couldn't remember his name for the life of me. On one of my trips back to the table for another glass, Jeffrey leaned over to quietly whisper in my ear that it was a prince that I had actually been dancing with and I didn't phase me in the least way. I went back to the dance floor and continued to let my hair down. It was a fun bash, the entire crowd sang "Happy Birthday" to Naomi and by the time we got back in the car to retreat for the night, I was giddy from the drinking and dancing all evening. We had a guest in the car, and apparently we had already been introduced, but I couldn't even remember his name in the first five minutes of our meeting again. He was the hotel owner of some large chain in America called "Hilton". Staying at one of the cottages near Jeffrey, he saw it quaint to loan me out for a night's massage to ruin an "almost" perfect evening. Jeffrey told me to come back to his room after I was finished with Rick, thankfully he reminded me of his name but also odd I thought, being so late I would've never imagined Jeffrey could stay up this late but I never made a fuss out of his requests. I gave him affirmation of my understood instructions and headed off with this stranger into the darkness.

I dimmed the bright lights in his bedroom to a softer tone as if it might aid the vision of this short, balding man with straggling remnants of curly brown hair left to show for the remaining bits of youth left in him. I had to ask him to undress and lay on top of the towel that I had picked up from the neatly folded pile at the end of his bed and spread it over the duvet. I didn't want to waste a second in his place, getting right to the very reason I was even there. Turning around while he was getting undressed, being our first time together, I wanted to give him the impression I was actually a therapist and not a finale to the end of the nights entertainment. Not exactly what he had in mind though, given that my impression was already made for me when Jeffrey arranged for our meeting in the first place. His chuckle to my response was condescending as he came up behind me and unzipped my dress which floated to the

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bottom of the floor as he was saying "You can't really expect to give a massage wearing this, here sweetie, I'll help you out of it." He just wanted to see the hidden bounty my clothes were hindering his eyes from seeing. I just went about my way trying to get his hands off of me and to get him to lie down for a massage. Making quaint conversation with him was pointless as I was trying to send his thoughts elsewhere other than the apparent perverted schemes replaying in his mind from the heavy breathing he was making and the looks he was giving to me. I was using all of the tricks in the "turn-off" book even asking him about his wife and kids.

Unquestionably he was in seventh heaven turning every one of my distractions into another flattering compliment. He was saying things like "I love what you do you to me, I have never felt like this before, come stay with me and I will pay you double, no, triple whatever Jeffrey pays you!" Knowing he was just a drunk idiot, I wasn't being lured in by any of his offers of money or a privileged lifestyle, I knew these cages all too well and I was better off sticking with the one that I was at least accustomed to already. Holding back any composure now, he was going extremely wild ravishing at my body trying to tear off my panties like a hungered wild animal. After all of the champagne I had drunk that night it gave me the nerve that I needed to know exactly how to handle perverts like this one, who had been no different from every other shmuck in my life, and I quickly shut him up with a blowjob lasting no longer than two terrible minutes. It had only been shy of a half an hour before I was already getting quickly get dressed and hurrying out his cottage door.

When I got to Jeffrey's cottage I rushed through the door and told Jeffrey and Ghislane, who were sitting front of the fireplace reading a books, that I never ever wanted to see that guy ever again. When they asked me what was the matter, I told them of every thing that had happened that night even how he offered me to come work for him getting paid triple. I established a lot of trust with Jeffrey that night. He asked me why I didn't accept the offer and I responded with " Who would look after you, if I were gone?" Like a caring grand father would do, he pulled me into his chest for a hug and told me that it meant a lot to him. It was so late and I was so tired but I still had to give Jeffrey his massage that night. He asked me to just rub his feet as he fell asleep, and thankfully he was out like a light in no time. The next morning I took two headache tablets and a ginger ale instead of a coffee. Trying to contain my hangover as best as possible behind a pair of sunnies it was mid afternoon by the time I had felt like myself again. We spent the day Yacht hopping, soaking in the sunny weather while Jeffrey and Ghislane caught up with old acquaintances, Emmy and I were just accessories to look good on the arms of them. The next day we wrapped up the tail end of

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our trip and commenced our flight back into the U.S. I was paid a generous amount and set off to go car shopping as soon as I got back to Florida. Through a private seller, I was able to pay out right for my car. I got a Dodge Dakota in cherry red, and immediately had an impressive sound system put in. She was my first pride and joy and taste of freedom. I would love to drive her down to Lakeworth Beach to sit in my car and watch the waves while I listened to my stereo blare music and puffed on a jay. Letting the rest of the world pass by while I sat back and watched them walk past wondering to myself what their story was about.

I turned seventeen that summer and had accumulated a string of exotic destinations that I had travelled in such a short time. I was given more make-up and a pair of diamond earrings from Jeffrey. Ghislane only wished me a happy day, wondering at times if she felt threatened by Jeffrey's and my closeness. We went to the island after we left N.Y.C and I asked If Sarah would be meeting us, mentioning it had been a while since we had last seen her. He said he had some bad news about her. Expecting the worse, thinking she had gotten hurt or something, I was astounded when Jeffrey told me that she had been sent to his island with one of his friends for a couple days and when the housekeepers were cleaning her room and they found a stash of cocaine left out carelessly in the bathroom.

He said he had no choice but to let her go. Addicts with no respect for themselves or his wishes had no leeway in Jeffrey's book. He didn't mind that I dabbled in drugs once in a while as long as I never brought them along with us on any trips, except for my Xanax, which he didn't mind because it was pharmaceutical and most of all wouldn't cause him trouble being a legal narcotic. Sarah took it too far when she crossed international borders with an illegal drug, risking her welfare and almost costing Jeffrey public attention. She lost her apartment and contacts in the acting world, only hearing from acquaintances once in a while that she was sinking deeper and deeper into the black hole of addiction. It was sad to find out, as I always did like her.

At the island, Ghislane had just recently obtained her helicopter pilot's license and wanted to get some practice airtime and flew Jeffrey and I to St. John where we picked up Alexandria Cousteau, the grand daughter to the inventor of the scuba tank and underwater explorer Jack Cousteau. Ghislane was out to set us affright in the air, but it was all talk, she was actually an impressive pilot. Still a daredevil though, she got her kicks out of hearing us fret on the earmuffs intercom's. Jeffrey made it clear that Alexandria was a guest when I was told to adhere to her if she wanted a massage, which I obliged her with several times during our first meeting. It was Jeffrey who instigated that her and I reenact as lovers in lesbian acts of foreplay and penetration. I couldn't imagine a girl with

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such high prospects lowering herself to something of Jeffrey's standards, but I later found out through Jeffrey that he had donated money to her continuous exploration into marine life and habitats. She had followed in her family's footsteps, all of them involved in Marine Biology in some way or another. We actually got along really well, she was a real decent girl, and loved talking about her passion, everything underneath the waters surface.

When I wasn't busy giving massages to everyone around, her and I would hang out together. Often we go swimming in the crystal clear pool of ocean that the Caribbean had to offer. Once we swam out so far not paying attention to our location and were carried out to sea by the current. We took turns on the backs of each other, taking breaks against the strong ocean tide. It was almost a possibility that we nearly drowned out there, if it weren't for some guys on a boat out fishing for the day when they caught us in their view. They picked us up and brought us back to the island where we were reprimanded by a worried Jeffrey and Ghislane to first of all let someone know where we are going at all times, and never to lose sight of the shore while out for a swim. After that learning experience I took their heed and proceeded with caution. I had a newfound respect for the ocean and it's mysteries.

Having such a lover of the water as a guest, made Jeffrey want to explore parts of his Caribbean he had never seen before. The next morning we were met by a scuba instructor in St. James and given a few lessons in how to use the gear and more tips like how to descend slowly to the ocean floor as not to cause blood clots as well as visual hand signals to communicate underwater. It was so exhilarating beneath the waters surface. No voices to listen too, only the enchanting sights to take in. We explored the surrounding reef and found a large squid, many of sea urchins, and the magnificent colored coral that housed a many of the rich variety of the local species of fish. It was such a great sight to take in. Holding a permanent mental picture of those adventures to carry in my head for all times.

We all had such a great time that Jeffrey hired the same scuba instructor to come out the next day to scuba dive the safer parts around his island. We got bored quickly with not much to see but seaweed and a fish here and there. It didn't take long before Ghislane decided for us all to explore other numerous locations by boat, Jeffrey needed a bit of convincing at first and the instructor was quick to assure him that he knew his way well around these waters, of course he would say that, he was getting paid a hell of a lot to do this in the first place, why not extend it a few more hours?

The clear water glistened and the tropical array of marine life was on display as we wanted to stop at so many places but you could see as

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beautiful as it was it could be as equally dangerous. It took so long as we had to veer away from so many desirable spots. Finally we found a good place that the scuba instructor thought was safe. He buddied us up into pairs and we jumped off the back of the boat into the crystal aqua blue waters beginning our descent slowly into the darker regions of the oceans floor. We were situated on open water with a cavern of reefs to venture in and around down below. It seemed to be quite a choice to scuba in, one that our guide said he wasn't familiar with but to alleviate his bored clientele deemed safe to swim around.

It was Jeffrey and the Guide together, Ghislane and Emmy, and I was paired up with Alexandria. Miles, the houseman, came with us and stayed on the boat just in case something went wrong and lucky he did. We were all too far under the water to hear his alarming screams of distress when shadow's lurking in the murky distance started appearing closer and closer. Ghislane actually looked frightened for once as she gave us the signal to start ascending upwards, reminding us by holding her ears not to go up to quick or as we were previously warned before we could pop a blood vessel in our brain and hemorrhage to death, not a very lovely image but neither was getting torn apart by sharks.Those giant shadows became clearer and soon enough we could recognize their indistinct species as the terrifying and more aggressive breed of sharks, the hammerhead. Grabbing Miles hand I was the last one ahead of the Guide to get on the boat imaging the worst as I waited behind Emmy and Alexandria who were the next to follow after Jeffrey and Ghislane I was in too much shock to scream or cry, I just told myself I had to stay calm to get out of this alive. Unlucky for us we found out later on that we were in their breeding territory and being sent a clear message that we were soon to be on the menu to their feeding frenzy.

We all felt like we had cheated death and I know it wasn't only my heart that was still beating out of my chest when we headed back to Jeffrey's island. Jeffrey was pale as his designer sheets and looked like he had aged another ten years in such a scared state. Ghislane took the heat off herself even barely taking a notice of beforehand and decided to poke fun at all of us frantically scurrying to get out of the water, it was just her nature, as I had never seen her move so quickly either. We got back to the island and all collapsed our fatigued bodies in our own beds for a long nap. Freshened up and much more relaxed we regaled our horrendous story again over dinner, this time in laughter. The following afternoon Ghislane piloted us all in the helicopter to St. John's Airport and we said good-bye to Alexandra where we all parted ways. I met her a few more separate times in Palm Beach at Jeffrey's Mansion, but she wasn't a regular of his, probably not as easy as the troubled girls were to bribe.

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Chapter 11

Throughout the remainder of the quickly passing year I was on a constant move with Jeffrey. Attending various dinner parties, mostly with other esteemed billionaires and widely acclaimed scientists. Jeffrey likes to surround himself with the most brilliant and powerful of minds, filling his little black book with some of the most esteemed and even infamous people in today's wealthy society. It was during those intellectual gatherings that my body was also put on the banquet menu but this time for a powerful senator George Mitchell and another prominent Nobel-Prize winning scientist who's name would be mentioned but for all the life of me can no longer remember. They would be only some of the recognizable figures of the high society that became added to my list of clientele, of course being introduced to for a lot more than just a client of massage.

As an amusement to Jeffrey's associates I also knew my place was to entertain but not to every desired content. I was to show them a good time but not the way I would have to use technique and effort for Jeffrey. The very teachings from Jeffrey himself, or my tutor, as he liked to so eloquently put it. Consistently being used and adored for the likeliness of my youthful looks I was becoming very accustomed to my lifestyle with Jeffrey, never really relaxing into it, but just accepting this as being as good as it will ever get for me. I didn't think I should be complaining, wasn't I being offered a life in exchange for servitude? Just letting the signs of my anxiety and depression pass me by while I blanketed them with my pills, suffocating under a blanket of pain is all I was really doing.

I spent Christmas and the New Years holidays with Jeffrey in N.Y.C, who doesn't celebrate the occasion, as he is of Jewish descent. Not that he was a religious man anyways, I never even saw him celebrate Hanukah either. We firstly stayed at his ranch in Santa Fe for a week, then left for a long plane trip to Paris, France where we all suffered jet lag for the next twenty four hours. We all stayed in a grand hotel with a view the Champs' Elyse.

Emmy and I shared a room and with her gifted ability to make new contacts in just a few hours, she brought out a jay to share on the rooftop at nighttime while we were overlooking the lit up Eiffel Tower. We never got really close as buddies but we both knew what we were indebted to and felt each other's sorrows. All four of us went out shopping at Chanel, D&G, Ralph Lauren, and many other little exclusive boutiques the following afternoon. As a gift Jeffrey bought me a white terry clothed goose feathered sofa and had it sent back to my apartment in Florida, and bought some new tapestries to have sent back to Santa Fe for his ranch.

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We also visited his up and coming Paris apartment. It was a modern, typical flat being refurbished, and we went to see how it was all looking. Jeffrey liked to fuss about every detail and harass the builder's about their work, changing last minute details at a whim.

Days and many croissants later we left for Spain feeling bloated and sleepy. We only stayed in Spain for the afternoon, going to see another astounding Moroccan castle for Jeffrey to replicate at one of his many mansions. It was only a short plane ride to Tangier, Africa for more castles hopping. We arrived at the historic landmark and the only five star hotel in Tangier called El Minzah in the village of Ville Nouvelle. The city and outskirts were still very hostile at the time, females being warned to not walk the streets alone and not to leave the house after dark or be at risk of being raped or worse.

When we got to the room, it was oozing with every expected bit of extravagance that a luxurious historical palace should offer until I was greeted with a pile of monkey poo in the very middle of my bed. Not a happy camper I called Jeffrey, Ghislane and Emmy into my adjoining room and they all had quite a good laugh at my expense. Within a moments notice of a complaint call to the front desk and we had an attendant cleaning up my bed linen. The cleaner noticed the window was still opened, he warned not to leave it ajar at nighttime just in case another monkey wanted to make himself comfortable in my quarters.

Ghislane joked that maybe I should keep it open I might find a suitable husband before I get any older. Always the instigator of a good joke but unable to take one herself she didn't like when I poked back that it was more in her recent taste of men, since she loved to brag about her rendezvous with her various lovers. Once she came back giddy as a schoolgirl with an explosion of news, with all the build up and excitement in her voice you'd think she was the next crown princess, but she had given George Clooney a blowjob in the bathroom at some random event, she never let that one down.

We all went to explore the towns surrounding Moroccan castles and meet their royalty that lived in them. Jeffrey's personal interior designer's met us at the residences. They walked around hurriedly, scribbling notes into their clipboards and whispering between themselves. The palaces were historically unique and beautiful but I wondered how could they live so grandeur behind these walls when they lived in a city of such poverty stricken squabble. Beggars lined the streets, people could just go missing and no one could care less, and you heard of barbaric murders happening every night. Against the advice of the Palace Attendant and Jeffrey's wishes, I decided to take a stroll one afternoon, mainly just to take photos of exotic Africa and do some shopping in the village markets but I ended up being intrigued by a group of young children playing in the streets.

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When I was noticed watching them, about fifteen of them came up to me and began to beg for money and food. I was over taken by the poor, hungry children and I felt sad for them all and wished I could help out somehow. When the tide of kids washed away and the street went empty, I was overcome with intrigue at these two little boys. Brothers I found out later on, and there only toy was an empty can they were kicking to each other in the middle of the street. Intelligent kids, they were able to speak three different languages, including English and I was interested to ask them about life here. They didn't seem to notice or be bothered by their poverty stricken lives. They told me about their school and parents and I thought I had just heard the saddest story ever but they were accustomed to living like that like I had been so accustomed to my degrading lifestyle for so long.

I was compelled to empty out the contents of my purse, giving them over two thousand dollars in U.S currency. A passer-byer snapped a photo of the kids and me for myself to take home as a personal souvenir before they rushed home to proudly show there parents the money. I told Jeffrey later on of my good deed and he couldn't believe I'd give away my money so carelessly. He told me I had set up their parents with enough money to feed and shelter their family for a year. Wasn't that a good thing? I couldn't believe it, not that I was well off or anything close too it, but to realize how lucky I was and to not have compassion for the lesser off, especially children of a third- world country, I wouldn't be human anymore. Then again what did I expect from someone who could numerously steal another man's daughter for the use of his own sexual pleasure with great ease.

We went out to lunch the following day with Jeffrey's team of designers to wrap things up and after Jeffrey's afternoon massage he went to the palace to have a nap. When I was all alone I thought I'd go see the culture of the local unique markets again and this time buy some trinkets to bring home. I got to sightseeing and took pictures of the legs of lamb hung over the blood drenched doorway over people's homes as to warn off evil spirits and the ghettos where the local villager's called home. I walked into many of the market's stalls and saw the most peculiar antiques, such as weaponry with the blood of it's last victim stained on it's sharp blades and body pieces of various animal's for the use of religious sacrifices. I was more interested in the different culture and respecting their ancient way of life with interest, instead of squirming like a tourist and getting grossed out. I thought it was so educational and enthralling in fact, I ended up buying a few sacrificial trinkets to have sent to my apartment in Palm Beach. Not to say that I wasn't looking forward to getting back to the luxuries of western civilization it was a bit like camping, fun and adventurous but as equally dangerous and thrilling.

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When we left for the final destination of our trip I was looking forward to eating normal food again, not one to stray for foreign dishes, I'm a more of a cheeseburger and pizza kind of girl, a true sign of my American heritage.

We landed at the Heathrow Int'l Airport and greeted by a driver that would take us to Ghislane's town house in London's central that Jeffrey had recently bought and refurbished as a gift for her. Emmy said "Good-Bye" at the airport, leaving us to go to her hometown in the rural countryside nearby to visit family for a six-week holiday from work. It wasn't a very long drive before we were in the heart of the city and at Ghislane's place. I thought it was a cheery townhouse that had character and the historical pub in front of it and cobblestone streets only added a unique charm to its presence. They were going out for dinner and invited me along with them but seeing I was so exhausted from all the travelling and looking a bit melancholy, I apologetically declined going out for dinner that evening, I rather would be taking a few pills to catch up on some needed sleep. "Are you sure your Okay"? Ghislane asked as she showed me to my room, more considerate than she normally was but I assured her that I was in absolute good health, just tired from all of the recent jet lag. Without another word said she whisked off downstairs, to the car where Jeffrey was waiting for her.

I took the liberty to call my parents house to say "Hello" and catch up with them since I hadn't been home at all for the holiday season this year, always too busy working. They sounded really happy to hear from me and my mom put me on the phone to talk to my brothers as well. I got to tell them about my travels abroad and I had some cool tribal stuff from Africa that I bought for them. They sounded so proud of me, all of them, and why shouldn't they be? In everyone's convinced mind I was making great money, travelling the world, and meeting new faces everywhere I went, why should I spoil anyone's delusions, especially mine. I took my sleeping tablets and had a bath before falling into a deep and much needed sleep.

The next morning I was woken up by Ghislane who I could tell was in a chirpy mood by the way she paraded through my closed door saying "Wake-up sleepy head" and opened the window's shutters to let in the bright sunlight, she had never done anything like this before and I knew immediately something big was happening. She sat down on my bed as I rolled over from my deep slumber and I was able to mutter for an explanation as to why she was awake so early. "Besides the fact it is ten o'clock in the morning and nearly time for brunch, we have a big day planned out for you today." She was waiting for my cue to ask her "What are we doing", when I did, she responded with a convincing enthusiasm "We're going shopping for a new ensemble" she paused for a moment to

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build the suspense, before completing her sentence " To go dancing with a Prince of England this evening". Hoping it would be one of the younger generations, I was disappointed when she told me he was the Duke of York, Charles's younger brother Andrew. I looked at her with a fake surprised look, one I had to use on many occasions in my time with them, to give an impression of excitement. "What… wow!" I exclaimed with my gifted acting ability. It is a sad realization but I had grown more accustomed to seeing people for their significance rather than the good qualities they possessed, and was able to grin & bear the thought of what I expected lay in store for me.

Ghislane and I left shortly thereafter for the many lanes of designer shops to choose from in London. Her pep talks to prepare me for my duties towards royalty went on and on, giving me the obscure impression I was something of importance, at least for more than an evening. "Make sure your bubbly and energetic, nobody want's a dead horse" was one of the cheap tools she instilled me with. "Who knows where this could lead for you" was another. As the day grew shorter my anxiety only heightened, anticipating the Prince's arrival and unable to decide on an outfit, I picked out three. Our last stop for the day was Burberry's for a nice handbag to compliment our chosen attire. We got back to her townhouse with still a couple hours spare to get ready. After trying on all three outfits and many mental debates with myself later, I decided on the pink mini-tee and dazzling pair of denims with horses embroidered into a pattern. It seemed a lot more my style and age group rather than the other two older looking sophisticated dresses I had picked out. I told myself I was going dancing at a club not to an opera. As most young girls can be during their body changes into womanhood, I felt awkward, you know, big feet, freckles and body hair in unwanted places. They're things you just don't want when your seventeen and then you see these iconic billboards of what femininity is supposed to represent and just don't fit into that picture, never feeling what we all are already… absolutely perfect. By the time I had got ready I was a nervous wreck, but trying to keep my cool on the outside was an act. I thought it'd be a good idea to take a few Xanax before the evening unraveled and my anxiety went through the roof.

Jeffrey and I were sitting in the lounge room downstairs, waiting for Ghislane to finish getting ready. The room was silent, only stillness in the air. I stared at the mural painted onto the wall that I was facing. It was an interesting piece of artwork. In great detail it illustrated a happy looking family sitting on a bench overlooking a pond that resided on a large piece of land with a beautiful home displayed. There were also hunting hounds and the hunters chasing a game of fox like the notorious "English Hunt Pieces" throughout history. Jeffrey took notice of my enchantment into

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the picture and in a hushed voice proceeded to tell me that it was a portrait of Ghislane's childhood, the part she could be proud of. I never realized how prominent her family's history was in England, apparently as to Jeffrey's attest, her Father was born of poor Jewish decent in Czechoslovakia, most of his family being killed upon Nazi invasion in 1939. Fleeing to join the British Army as a young man, he changed his name a few times and made a lot of contacts in the field. After the war, a newfound Robert Maxwell went into publishing using his army contacts to establish a business initially built upon publishing scientific books from occupied Germany. In time, Maxwell acquired several British newspapers, among them the Daily Mirror, countering his wits against the likes of Rupert Murdoch along the way. However, whilst constructing his publishing empire, Maxwell compiled astronomical debts, and his equivocal financial dealings attracted the attention of governing authorities that judged him not to be looking out for his companies best interest and in the end it transpired that Robert Maxwell had been using proceeds from his employees pension funds to meet his financial debts, ruining the futures of thousands of employees. Once an esteemed Member of Parliament and publishing mogul, Robert's body was found floating in the Atlantic Ocean after he was found to be missing from his yacht, the Lady Ghislane (named after his favorite child), whilst cruising the Canary Islands in 1991. Jeffrey went on to tell me that when her Father died she was inconsolable, and in a very bad state. He picked her up from the trenches of despair and took her under his wing, and it's there she has stayed comfortable ever since. To Ghislane his peculiar need to have so many woman around and even his taste in younger than legal one's didn't seem unconventional to her. It was her own Father who was deemed a womanizer and ever took a second wife while still married to Ghislane's mother. I would have never guessed this carefree, spirited, and vivacious woman had ever endured such sorrows. I couldn't help but look at her in a different light from then on, but not letting her know that I knew, to avoid any altercations between us.

Like clockwork Ghislane came downstairs five minutes before Prince Andrew were to arrive, wearing a tight-fitted white wooly turtleneck singlet and a nice pair of loose fitting trousers. Looking elegant and casual at the same time, a very hard look to achieve but one Ghislane had always easily mastered. They both seemed at ease poking fun at my obvious nervous state, just another ordinary night out for this extraordinary couple. The knock came at the door just after six o'clock in the evening. Ghislane greeted him and the guard who would wait for his return in the car. She led him down the hall to where Jeffrey and I were sitting. We both stood up and Jeffrey shook his hand, while Ghislane proceeded to introduce me and as I was taught by her was English

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custom, we both kissed on the cheek. We all sat down on the lounges for some tea and biscuits while conversing idle chitchat. By the sounds of it, Ghislane knew well of his recently divorced x-wife Fergie, whom they were all taking turns in slandering her for one reason or another. It was apparent there were some fresh wounds still lingering on and as good friends do, it was their way of helping him get over her. When his daughters were mentioned, Ghislane and Jeffrey treaded lightly, only speaking highly of them, and offering their sympathy to the young ones.

The conversation turned to a much lighter subject. Andrew wanted to know more about this young guest they had to join them out for dinner and dancing that evening and then the spotlight turned on me. I was more nervous than I had ever been before a night out with someone, probably the build-up Ghislane and Jeffrey had hyped this meeting up to be. To break the ice, she played her favorite guessing game…"how old do you think Jenna is"? When Andrew guessed correctly, I was seventeen years old, she was surprised, thinking I could have passed for younger. "I guess we are going to have to trade you in soon" she laughed, always the first one to throw in her quick-witted two bits, all of them chuckling along with her. Hardly a laugh at all, unknown to me at the time his eldest daughter is only five years my junior. I was finding it hard to make much conversation in the beginning, just laughing when the occasion called for it, and keeping up with Andrew's constant glances in my direction, was all I could manage.

The restaurant was a close drive for us with Andrew, his two guards and his driver following behind us. I was seated next to the Prince for dinner and Ghislane and Jeffrey next to each other, an evening pre-ordained. I was supposed to flatter him with compliments and dote on his every word spoken, but I didn't even do that for Jeffrey blatantly, it would've felt awkward to act like a bimbo for him. Instead I remained calm, cool, and collected, hoping that my nervousness wouldn't spill out at any given moment. The next place we were going was much more my style, and I found it easier to relax. We pulled up next to a Nightclub called "Tramp", a member's only nightclub, and one of the most exclusive haunts in the world for the rich and famous to be seen for the last forty or so years since it's doors first opened. Andrew's guards waited outside while we all went in to hit the dance floor. Jeffrey being the social introvert that he was found the first available empty seat in the corner but facing the dance floor to spend the evening watching everyone else have fun and Andrew went to the bar to grab us all drinks. He came back with sparkling water for Jeffrey and a cocktail for the rest of us, already knowing that Jeffrey never drank alcohol. We downed our glasses and made our way to the crowded dance floor, where I had the Prince's upmost attention. Moving his hands across the curves of my body, not to shy away from the fact

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that he was in public, he was whispering sweet nothings into my ear and kissing my neck. I would just giggle not really knowing how to reply to an aging man with a bad smile and terrible moves, it would sound too much of a lie if I retaliated back about his swagger. He was the most incredibly hideous dancer I had ever seen and couldn't help but laughing on the dance floor and shooting glances of embarrassment to Jeffrey and Ghislane who were having a good time laughing at my expense…as the always did.

After an hour of pelvic smashing to the D.J's pumping mixes we finally exited the floor, his royal highness was dripping with sweat and ready to embark onto a quieter scene where he said we could be alone, not knowing that it had already been arranged for all of us to meet back at Ghislane's place but complied with his so called thoughtful request. I was so anxious about getting back to the townhouse, knowing what expectations I would have to not only have meet but also exceed in this case. Ghislane and Jeffrey seemed impressed at my attempts to entertain his royal highness, so far giving him exactly what he wanted the impression that I idolized him. They told me that he really liked me and was having a great time, so far tonight. When we got to the townhouse, his guards walked him to the door, staying to wait outside in the car. Ghislane met him and brought him upstairs where Jeffrey and I were in the study. We all chatted in the hall for a few minutes and I was able to have Jeffrey snap a photo of us together, one that would cause much controversy for the Buckingham Palace in many years to come. The conversation didn't linger on much longer before Jeffrey and Ghislane dispersed downstairs together, leaving me to my own sort of royal duties. They walked away giddy as if they were teenagers imposing on young lovers about to embark on a romantic evening.

Next to the study was the bathroom where I led him to next. The room was dimly lit masking the light from showing the disparity in my eyes. It was a beige marble tiled floor with porcelain Victorian style bathtub in the middle of the room and nowhere near the size of Jeffrey's residences. I turned on the taps for the tub and the heat from the water began to steam up the small room. On the basin were aromatic oils, lotions and soaps, loving the scent of floral notes, I poured in the lavender bath oil. Trying to do the best of my youthfulness to try and act seductive, I gradually began to strip off my clothing, piece by piece. Giving him time to savor the moment to come. He loved every second of it as I went over to where he was waiting and watching, then began to undress him at a much quicker pace. We kissed and touched each other before submersing into the hot water, where we both continued to reenact foreplay. He was adorning my young body, particularly my feet, caressing my toes and licking my arches. That was definitely a first for me and I couldn't help

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but laugh, I hoped he didn't expect the same treatment back. Through my recent experiences with Rena, I drew a line with extreme fetishes, especially ones that would involve my tongue and feet in the same sentence. It wasn't hard to get him wound up to the point where he just wanted to have the rest of me so we dried off from the cold and retired to my bedchambers for the longest ten minutes of my life. Moments later and without any real emotional attachment, he burst in ecstasy, leaving me to my own feelings of dismay. As relieved as I was to see the experience come to pass with him, it was finally sinking in that I would never be anything more than but a muse. Still trying to ascertain a surreal dream a young girl once held but no longer the same girl I was no longer sure that the dream was even real anymore. In the whirlwind thrown together by wealth, power, and privilege I was but a grain of sand and felt helpless down the road I was naively being led down. When the real picture was unveiled, later in my life, I had nothing but memories filled with sorrow to remember of my teenage years.

Jeffrey, Ghislane, and I left for the states to conclude our long journey home to the U.S.A. I was so happy when we landed on our soil and called T.J from my cell phone to see if he'd meet me at the airport instead of going back to Jeffrey's, he'd be there within twenty minutes, he was so happy to hear my voice and that I was back in town. So ecstatic to be getting away from my life of servitude for the next few days, I was sourly disappointed when I got off the phone. As if he'd been listening to my entire conversation, Jeffrey told me he'd like a massage back at his place and he could pay me at the same time for my trip with him. With much dismay I had to call T.J back and cancel the arrangements, I wouldn't see him until later that night, in which one of Jeffrey's staff would drive me home and I would be too exhausted to do anything.

Chapter 12

When we got back to Jeffrey's mansion in Palm Beach he wanted to thank me for showing his friend, the Prince, such a good time. Rewarding my diligence with an extra sum of money and luring me deeper into his goal of keeping me at his side as his personal amusement that he could lend out at anytime. Further proving his capability of using the vulnerable impressions of a young girl to influence and intimidate his fellow peers of

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like minds. Jeffrey didn't want to know the grim details of how it all happened on my intimate night with the Prince, he just asked simply if I thought that I did well in keeping his friend happy. Knowing already that the evaluation of my performance I gave was already discussed between them, I just as simply replied back with a nod of approval. Though I did have a laugh with Jeffrey about the Prince's weird fixation on my feet and lets just say that he was quite tickled with Andrew's quirky obsession, having a good ol'chuckle at my eccentric encounter. I was paid extremely well this time, putting my money earned into nothing but popping pills and alcohol by shouting my so called friends a good time, aiming for the attempt to forget about my experiences abroad. I partied like that to feel young again, my age and most of all to self-anesthetize my troubles from within. It wasn't like I was waiting for someone to arrive on his white horse and take me away to a magical world. I simply yearned for more out of life than being someone's replaceable amusement. Still a romantic at heart I would often get lost in my daydreams, imagining a new beginning with a strong man that would show me an enduring love, safety in his arms, and a lifetime friendship. Though the suggestion of true loves existence was only a dream for now, something I could only read about in novelistic fairytales but the passing thought from time to time was warmly envisioned. With my inner most desires being locked away in a deep crevice of my heart, I knew my romantic notions would be absurd in Jeffrey's eyes. For some unknown reason to me he couldn't allow himself to give love or receive someone's heart in return. Once he said to me when I asked him if he ever thought he would settle down and find Mrs. Right and he told me he didn't believe that love with one monogamous partner was possible but he found that love with many was. I thought at the time it had something to do with having so much money and everyone wanting him for that instead of seeing him as a person and even felt bad for him, but now I can understand from his recent lessons unlearned that it was a simple equation of his twisted perversion to become infatuated with the vulnerable youth off the streets. Spending so much time in the entrapment of Jeffrey's embrace, I was becoming numb to the feelings and aspiration to ever climb above this deep hole I had dug myself into. I knew I wanted to escape from this bizarre form of first class slavery but I still didn't have the tools necessary to help me get out. How could I have? Everyone that knew me believed I was living this enchanting life, a rags to riches success story that most people dream of, only I knew the price to be paid for all of this and I was the only one who could pay for it.

Underestimating my true self, I was settled by Jeffrey's side for now considering him to be someone to look up to, my mentor. Such a

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complicated battle within myself, it is one I still ache to fully comprehend today.

Sunny spring days melted away the ice off the frozen streets of New York and the harsh winter winds begun to gently blow away the dead leaves, making the caged trees appear to have some form of life again. I hated the cold winters there, it would only add to my depression being locked indoors. Give me hot Florida days blistering in the sun where I can swelter by a cool pool and sip cocktails with pieces of fruit and little oriental umbrella's floating around. What a vision of solace? Looking around my extravagantly decorated mid-evil room I was reminded of the desolation that I was more than accustomed too. Knowing it wouldn't be long before I was summoned again for another ritualistic occurrence in fornicating with my master, I hardly bothered to leave my assigned chambers, scarcely being sent home for a moments break, I just accepted my fate. As I predicted the intercom buzzed momentarily and I heard Ghislane's voice come over and request to meet them in Jeffrey's study. Not an odd call, I would often meet him there first so he could tie up some unfinished business before heading to the dungeon, or what was thought to be the massage room. Making my way down the hall, I had an eerie feeling wash over me, as if I had several pairs of eyes on me, watching my every move. A cold chill moved up my spine and I had to move my thoughts elsewhere, too easy behind these walls to succumb to my fearsome anxieties. I punched in number one once inside the elevator and it took me down to the floor where Jeffrey and his surprise guest were waiting with anticipation behind closed doors. I cracked open the heavy wooden doors and a familiar face revealed itself. Definitely not expected or pre-warned on my part but I already knew what he was here for or at least why I was called down to the study. Prince Andrew had that notorious cheesy grin slapped over his face, as he looked me up and down like a shiny new car on display and he was about to take it for a test drive. Ghislane led me to the decadent sofa he was lounging on and twirled me around to give him a good lookover before sitting me down on his lap. Like a show pony I knew exactly how they wanted me to be paraded around, with the last of my dignity long lost, I had nothing more to lose. It was easy to give them the reaction they desired, all I had too do was pretend to be entertained by their lewd gestures, and when Andrew cupped my breast with a doll made in his image, I only giggled away. Ghislane wanted to take a picture of the bizarre scene and even got Johanna, another one of Jeffrey's so-called personal assistants, to come sit on his other knee for the snapshot, giving the impression girls couldn't stay away from Randy Andy.

Many crude jokes later and I was asked to show Andrew to the upstairs massage room. I'm sure he already knew where it was from previous

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encounters with Jeffrey's "staff" but I led the way anyways, as if he was now my guest of honor. Entering into the dim room it took a few minutes for my eyes to adjust to the darkness, but knowing my way around the room was enough to find the shower. I turned on the steam room and began to undress myself. Andrew followed my lead and disrobed, throwing his attire to the floor. I wanted to run and hide feeling his hands touch me again, but my servitude for Jeffrey kept me there. Getting out of his stronghold I turned my attention to the steam filling up and tried to turn his attention to the marble bench where I suggested he take a seat while I rubbed his feet. By the look in his eyes I knew he could care less about a foot massage, his real desires were being shown by the arousal his body was forming. He indicated where he wanted me to touch him and how. I fulfilled his seedy requests, but only just. There was no pleasure in this for me, the only thing I derived from this event was to sink further into my slumber of depression. I couldn't remember a time when I felt needed for anything other than my body or amusements thereof. After his massage was thoroughly conducted I couldn't wait to get back to my room for another shower. Sitting on the floor of the shower under the harsh spray of water, I scrubbed my body where he touched me. Feeling abhorrent and ashamed what I had become, I let the water wash away the grime.

As the days progressed into nights and the nights followed a trail of destructive months, my outlook on life had diminished into utter sadness. I had lost my spark and my ability to look like I could handle the abusive state of affairs I had drifted into. Sinking deeper in the euphoric state of being on coke and pills, not only was my mentality dwindling away but also my looks. I sure as hell didn't feel like a seventeen year old anymore and now I wasn't looking like one. My eyes had dark circles underneath them from not sleeping and my bones protruded from my skinny waistline and chest. This made Jeffrey apprehensive in keeping me around as often and before I had a moments notice, I was out of money and looking for a job. When I questioned him what was happening, he told me I wasn't the same girl he had first met some time ago now and looked like I needed a break from working so much, " I'll call you next time I'm in town" was the last thing he said to me.

Chapter 13

Going back to an average teenagers life was more of a harder transition than I would've ever thought. Jeffrey stopped paying my expensive rent and I was forced to get off the drugs and look for a real job to feed and shelter T.J and I. It was much harder than it sounded, but I was craving

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this in every possible way. Even though a week's wages for working a full-time job as a waitress didn't come close to the money I had made in a couple hours of working for Jeffrey, I was happier than I had been in a long time. I made some friends at my new job and found my duties to be easy and pleasant. I was good at making customers smile and keeping them happy becoming the waitress that made the most tips for the night, which in turn made my co-workers happy since we'd all split the tips at the end of the week. For the first time in a long time I had boys my age hitting onto me, and not that I was ever taken aback by there attempts but it reminded me of how it felt to be around a younger crowd. I missed so much of what I couldn't get back and the more I tasted it, the more I remembered how to smile. The relationship between T.J and I began to falter in a way that was beyond reconciliation. Fights became physical and I saw sides to him that only pushed me away more. He refused to look for work to help pay bills and he became utterly frustrated not having his usual cocktail of assorted drugs to keep him from feeling anything at all. He didn't like the fact I was growing inside and thinking beyond his elusive world. I had gone through too much to accept another form of abuse and degradation. Making that point very clear to him by kicking him out of my apartment back to live with his parents, I felt liberated like never before. I kept up with my rent and cleaned my act up. Enrolling in a yoga course and keeping my focus on staying fit and healthy became my only source of enjoyment. I was free and living for myself.

While out doing the grocery shopping one evening I couldn't help but stop at the local pet store and fell in love with a furry pooch. She was a Japanese Chow-Chow and a bundle of fur that more resembled a baby brown bear than a dog. I took her home with me and instantly she became my best friend. We went for several walks a day and she bore the brunt of many tear filled conversations, she was my loyal companion who understood more than anyone had before, all I really need was someone to listen and funny enough it was her that filled that hole.

Nearly three months had gone by and not a word from Jeffrey or Ghislane. With T.J out of the picture now too all I had to concentrate on was work, my parents and brothers, and of course my dog, Mary-Jane. I was going to family night dinners and bon fires again. My older brother was getting married to an amazing woman in a few weeks and I got to be apart of their beautiful ceremony. Small details of life's journey that I already missed so much of and now being able to smile at the simple things day in day out really seemed to put the real value of life into perspective for me. Everything seemed to be working out for itself and I was really happy, until he came back, T.J thought he'd come over my place one evening while I was sitting at home just watching TV.

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Obviously mentally distorted from whatever choice of drugs he was smoking that night. He screamed down my apartment complex, going mad and scaring my neighbors I felt like I had no choice but to let him inside. I tried talking to him as a good friend would, just wanting him to see what he was doing to himself and what he had become. Part of me still loved him and took pity on watching him spiral downwards. Taking him back into my life was not a decision I made whole-heartedly, but was something I did out of guilt and what I thought was loyalty. He moved his clothes back to my place, which was all he ever owned anyways and we tried to pick up the broken pieces. T.J being still badly addicted to many drugs, I had to be very careful where I kept my jewelry and expensive items. I decided to rent out a space at a local spot and store my cherished items away, just taking the necessary precautions, I thought.

Still not working I knew how he was scraping by money and I didn't agree with it, T.J was a known thief and had been caught several times attempting to steal things, even as stupid as DVD's and PS2 or Xbox games from a local Blockbuster. He even stole from his parents, his sister and his brother and would probably steal a piece of candy from a five year old kid if he knew that it would get him his next fix. He hated the change in myself, realizing I couldn't be brought back down by his ways but knowing I still stuck by his side and defended him from anything that would hurt him wanting to believe that he still wanted show the bits of human nature left in his empty heart.

Unable to stand by and see me do well for myself he contemplated a way to try and bring me down. After a busy shift one night, he retaliated with another show of control. I had just finished cleaning up my area and setting out the tables to be ready for the next day when I went to the bar to hang up my apron and put my nights tips in the tip bowl on the counter by the beer tap. On one of his drug induced rampages he stormed into the restaurant where I was working and started to pick a fight with me. I knew he was off his face when he started accusing me of sleeping with my manager on shift that evening. Having no bias or ground to stand on in his attempt to make me look bad in front of everyone, I just laughed him off as a drunk idiot who needed to go home and sleep off the night's repercussions, although I was fuming inside that he embarrassed me but I still made excuses for him and told my boss I had to leave early to bring him home.

The bar was deserted as T.J waited alone for me slumped in a barstool and looking worse for wear. I had to go to the back of the restaurant and do some explaining to the manager on duty, I couldn't afford to lose my job over this incident. Surprisingly he was sympathetic towards my dilemma and even told me I could do a lot better than that schmuck, patting my back and telling me to have a couple days off. I punched out

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and headed to my car with T.J in tow. For the rest of the night he was oddly quiet and asked to be dropped off at his parent's house, I was more than obliged to do so. I couldn't stand the sight of him let alone want to be around him tonight. Being so revved up it didn't yet dawn on me that something wasn't right. The next morning I was woken up by an alerting phone call, I had the manager from the restaurant where I worked, on the other end screaming at me and asking where the money is. I sat up in bed, completely awake now, and asked him back, "What are you talking about, what money?" His tone had calmed a bit and he could hear the earnestly in my voice and explained his accusations "The tip jar was empty after you had left last night and there was over a hundred and fifty dollars in there, now it's missing". The answer hit me instantly and I got a terrible knot in my stomach…T.J. When I left him at the bar not even thinking about the tip bowl to talk with the manager, he saw an opportunity to fund more drugs and he took it. That's why he didn't even want to come back to my apartment last night. It was all too clear for me now and I tried to explain to my manager about my boyfriend's sickness and asked him to take the lost money out of my wages. "I have no choice but to let you go and file a police report for the missing money". I couldn't believe what I was hearing. How did things turn upside down so quickly? I exclaimed "Even though I'm paying you from my pocket for money I didn't even steal and you've never even had any problems from me before?". His apologies were short and icy, nothing that could be done. I slammed down the receiver only to pick it up again to dial T.J's parents house and to no surprise he hadn't slept there last night and was not able to be reached. I felt like I was in a bad dream I couldn't wake up from and with no money to pay rent, eat, or even survive, I was back to the drawing board.

The week passed without hearing from T.J, he was in hiding, for now. When the phone rang early one morning I expected it to be him, instead it was a surprise phone call from a familiar voice. Jeffrey decided to give me a call to invite me over to his Palm Beach mansion for some lunch and to catch up, it really was just his way of finding out if I was cleaned up and ready to come back to work for him. With my life in chaos once again and having to borrow money off my parents for grocery food, I saw a quick solution to my situation and was even convinced this is what I had to do to take care of myself.

He greeted me at the door and led me inside. Ghislane was at her usual spot, her desk working away, and we headed past her with a quick wave and lip-synced a "Hello", not wanting to disturb her important sounding phone call. She glanced up quickly and gave a brisk wave my way, then put her attention back to the computer. Once we were inside the poolside cabana, which was Jeffrey's office, & gym, Jeffrey took a seat behind his

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desk and told me to have a seat across from him. He took a sip of water from an already poured glass and asked if I'd like some. "Yes, Thank you" My reply was short and polite, already just wanting to get this meeting done and over with. His face was like steel and his expressions were stern, I felt like a child in trouble sitting in the principles office.

He cut straight to the chase wanting to know "Are you on drugs anymore?" There was a moment's pause as I took a deep breath and told him the entire truth. "I got really depressed for awhile and coped with my emotions by blanketing them with mind-altering substances. Just smoking a jay to relax wasn't good enough anymore. I needed to be high and flying to believe I was happy and dealing with all of life's curveballs. Snorting things like coke and popping amphetamines replaced my sorrows with an overflow of endorphins, making it possible to keep up with everything, until I would come down and the cycle just kept on repeating itself".

He listened to me continue to tell him about the good things that have come from the break. Like my dog, yoga, and working at a restaurant, making lots of new friends but most of all, I got my smile back, without the drugs this time. He was really happy to hear the upside of everything, but there was one thing I was reluctant to tell him about. My recent travail that T.J effortlessly caused at the restaurant where I was so happily employed. As my manager had warned he had to file a police report stating that after I had left, the tips were gone, putting the blame solely on me.

Giving Jeffrey a clear picture of the entire ordeal he exclaimed "What are you doing with this idiot Jenna, he is no good for you! I know you can do better for yourself, why do you let him drag you down every time?" Nodding my head in concurrence I went on to finish my epic drama. "I received a phone call from the PBCP asking me to come in about the money. I told them what happened over the phone but they still want me to come in. I don't want to have a record for something I never did or ever would do!" I put my face into my hands and covered the tears now trickling down my cheeks. "I just can't believe this is happening to me when everything has been going so uphill, now I'm out of work and in trouble" I wiped my face and looked up at him " What do I do?" Enabling him as my mentor once again, his sly grin said it all. Jeffrey normally hated when girls made waves in any way and this one would be considered a tsunami but this time it worked to his favor. He wanted me to come back to work for him, continuing my massage studies and I needed his help. In his eyes he was doing me a solid, which in return I would have to scratch more than his back for. Taking his time to contemplate what to respond back and what solution he could offer, I began to worry that maybe I shouldn't have done this.

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Pulling a few tissues out of the box, he passed them across the desk to me. Trying to retract any damage done I said to him "I must look like such a mess to you and making you listen to my saga, I am so sorry… I shouldn't have come to you with all of this." He looked surprised and sympathetic "Quite the opposite actually. I'm glad you've come to me for help. I have got a lot of connections especially with the Palm Beach County Police Department. I give them regular hundred thousand dollar donations, and after I speak with them there will be nothing more to worry about. To be honest I'm more in shock about how much can happen to you in such a short time, your life is one big soap opera"

Now he was chuckling and trying to make light of my somber mood. Laughing along too I replied, " I know right? Drama just hangs around me like a bad smell". We did some more light-hearted catching up and went out to the poolside for some lunch and a swim, concluding the evening with an erotic massage upstairs. He paid me the usual two hundred dollars and asked me to come back tomorrow. "In the meantime I don't want you thinking about your sticky situation, consider it dealt with". His attempt to brighten my spirits had worked relieved about money and the police but now I owed myself to him feeling indebted to him more now than ever.

Chapter 14

As was promised I never heard back from the Police Department and Jeffrey had his favorite girl back by his side. We picked up where we left off ever better than before, I being entirely subservient to every sexual desire of his engaging myself in any role he wanted me to play. As he was getting older his appetite for sex never hazed, if anything it only increased. The orgies with other girls got larger in numbers and his appeal to younger girls, new toys and wilder nights expanded from once and awhile to quite an often occurrence in Jeffrey's company. I put it down his new friend and business investment, Jean-Luc Brunel.

A long time agent for young and upcoming models, Brunel, a French citizen, was known for roaming the world in search of young, naïve beauties living in poverty stricken countries and willing to do just about anything for money. He would procure them mostly from Clubs in South America and the Former Soviet Republic. Filling their heads with fairytales of America and large amounts of money, he would promise them all of the finer things in life, sometimes even throwing a pill in their drink, if that meant getting them in his bed was becoming too much of a task. What he wanted is what he got, which is why him and Jeffrey

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ultimately became close pals and he invested one million dollars into Brunel's company. In return Jeffrey now had supply of girls on tap for him to choose from.

With the assistance of each other, Brunel obtaining the illegitimate visas for underage-overseas girls and Jeffrey housing them at his brother's apartment complex on 301 E 66th St, Manhattan, they were quite the team. Jeffrey and Brunel would charge them for rent, forcing them to work for them selling their bodies for money, nude pictures, and even pornography. These were what seemed like really nice people with not so nice intentions setting an impression of how the dignified wealth play and behind closed doors they had as much civilized manners as a barbaric chimpanzee in heat. Giving a girl a step-up in finances by teaching them there only worth is what lay between their legs, us girls all were the same in the end, regardless of what country we came from, what language we spoke or our cultural indifferences, we all were being used for one thing alone, our youthful looks and beautiful bodies.

Being Jeffrey's permanent sidekick, I would have to part-take in a many of the hedonistic exploitations that went on at one of his many residences, which meant having to be uninhibited with many girls my age and younger. Being complete strangers was hard enough but we couldn't even understand each other, speaking in different tongues we were expected to excel at preforming many acts of lovemaking and foreplay on each other, while being observed by a man in a corner jerking off. Not exactly what I would call an advantage in my stage of life, but in my head I was convinced we all had to do what we had to do to get on with life and if that meant doing all of this to keep Jeffrey happy, then I would do that.

It didn't take long in the accompaniment of Brunel for Jeffrey to hit an all time low, at least one that I knew about. Stupid enough or sick enough, I don't know which one it is or both but Jeffrey bragged about his birthday present from Brunel, once accepting three, twelve year old girls, sisters at that. He replayed the descriptive events with me telling me how they all massaged him and finished him off orally. He was so excited about the entire event, replaying over and over again over the next course of weeks how cute they were and how you could tell they were really young by the small amount of hair growth in their pubic region and non-existent breasts. A twelve year old, are you serious? I thought to myself. I still can't shake the feeling of disgust when I recall the look on his face as he told me time and time again of how his lust brought him to that profound low. He went on to tell me how Brunel bought them in Paris, France, from their parents. Offering them the usual sums of money, visas, and modeling career prospects was a bribe of the worst kind, they were just children. Laughing the whole way through, Jeffrey thought it was

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absolutely brilliant how easily money seduced all walks of life…nothing or no one that couldn't be bought in his eyes. Behind the two of them followed a destructive trail of those in their path that were misused, violated, degraded in a variety of ways for one purpose… to satisfy the desires of the perversion that rotted their hearts.

The next couple of months I spent in Jeffrey's company, my life was revolved around him and his petty happiness. Arising to the occasion, I was no longer his teenage sidekick, I was growing into being a young woman and my body was blossoming like never before. Out of the awkward stages of my life, I now took to looking after myself like never before. Regular sessions in tanning beds and keeping fit became my life outside of Jeffrey. He kept telling me what a beautiful woman I was developing into and would offer suggestions to help me look good. Sending me to dentists for regular teeth whitening consultations or helping me choose my attire for the evening, he was ushering me into a whole new position, training me up for something else, but I was unsure of what that was.

Being a snotty little teenager was a girl of the past. Now I had to be his eloquent speaking, desirable to all and almost his personal porcelain doll. I went everywhere with him again, all of his eclectic dinner parties, conferences, and meetings with various members of parliament, famous celebrities, and other esteemed billionaires…most of whom lived by the same rule of thumb as Jeffrey did. Quite an alarming realization having to accept this world the way it is. Jeffrey knew all of the right people in this game, and trading girls for favors is how he kept in the circle. He was at the center of it all, blackmail being the only thing next to money with the ability to pull a many of strings, his conniving ulterior motive was to drag all that he could down to his pitiful state of mind. Inviting easily tempted acquaintances to his island or his other various residences he would bring out the assortment of young girls and pass them around like they were cocktails on a platter. No girl had a choice in whom they went with, only completing a task, we would have to charm and bedazzle these ageing fat men who other than paying for it would've never had a shot at getting to know a beautiful girl intimately. I personally belonging to Jeffrey rarely had to be loaned out and it was a big occasion, or should I say favor, if I was. I'll never really know what made me so important or special to Jeffrey, it definitely had nothing to do with love. I guess in the end I will always put it down to my capability of being whomever he wanted when he wanted, so compliant it just made it easy for him to have a personal toy at his constant disposal. All I can say is I lived in a jail with no bars, and in a country where slavery was supposedly abolished a long time ago but still existed right underneath everybody's noses. Myself and so many other girls were walking proof of it.

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I still was given proper training in massage therapy from time to time, keeping me from looking back at being a teenager with no responsibilities to being a young adult with prospering titles. He knew I wanted to be self-sufficient so bad I would do anything for it and by giving me this dream to hold to only kept me in check. I looked forward to my training sessions, holding onto every word passed down to me and after the session was complete I would hurry back to my room and transfer the information into a workbook with associating exercises.

Trying my new moves on Jeffrey always impressed him, he would get excited hearing about my passion for knowledge and would tell me he could see it transfer into my massages, always giving it my all, my hands were a focused energy when I was at work. Using every ounce of strength to apply on a body, many were astounded in what I could do for being such a small girl, and Jeffrey loved it, using me for a two-hour massage "with benefits" sometimes being over twice a day. Ghislane would sometimes use me to massage her still but it wasn't as common, she preferred a man for that job.

Then would come the odd client here and there, of course set up by Jeffrey. Most of which were orchestrated to get beautiful girls comfortable and consequently naked then he would go in for the kill, so to speak, touching them intimately, in their most private of places like their vagina, breasts or anal. When he had us where he wanted, willing and able, then would come the toys, outfits and so on. A scheme he has used time and time again, telling those who know him well "he had never been turned down yet". It was starting to dawn on me how I wasn't getting any clientele that weren't used for Jeffrey's benefit and would make me wonder if I just wasn't good enough for that, but I kept quiet, never wanting to make waves like I had before.

To give me a break from it all as if Jeffrey didn't want to overload me again, he would send me away to his ranch for a few days, what he knew I considered being a small slice of heaven on earth. I'd spend my days roaming the hills, riding horses, and enjoying the solitude of my own company. One afternoon I was out exploring the land on Jeffrey's ranch which covered hundred's of acres with nothing but a bottle of water, my sketchbook and a small case of oil paint. I was on the search for something interesting to paint. A great pastime of mine, it made my soul quiet by creating beauty with my brush. I loved to recreate the images I saw on paper. I would paint anything beautiful that caught me eyes interest, from underwater scenes, animals to people and even fruit, I loved vibrant colors and emotion on display but my favorite soon became the landscape of the Santa Fe's rolling hills and earthly green and beige tones and in certain light it would illuminate into a golden shine. To grasp that feeling I was absolved in at the hardest of times became my greatest inner-

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achievement, like taking a piece of that serenity and putting on paper for me to keep in my heart where it still is today, closing my eyes I am able to see it, being there anytime I need to. I was enjoying the heat and taking in the deserts sights when I stumbled off the track and into the wilderness. Exploring everything new to me was my second nature and never even entered my mind what would've happened if I went too far or got lost. I would rather face Mother Nature's wrath than humankind's any day!

After about an hour of drifting off track I came to a pile of rubble, looking like the remnants of an old pueblo made out of clay and rock. I picked up what looked like half of a clay bowl and noted that it had Indian designs etched into the side of it. Excited about my findings I decided to do some more exploring around the fields surrounding the historic site. I collected rare pieces of arrowheads, utensils, and parts of many broken bowls with artwork telling tales of their own. Time was of no essence here and before I even realized the sun had sunk deeper into the hills leaving me without any light to find my way back to the pathway. Feeling silly now after passing by a familiar looking boulder twice over, I was startled when I heard some poor animal become dinner for another, it's screams of agony only amplified louder and echoed in my ear drums, heightening the hairs on the back of my neck and making my heart beat nearly out of my chest.

I was lost and confused before but now I was petrified with fear. Taking me over three hours to find my way back to the path and in the direction of Jeffrey's mansion was a mission, so relieved in the end and so were the housemaids after I hadn't showed up for dinner, assuming I must've been out for one of my usual adventures. I went to bed strenuously exhausted that night and as I was falling asleep the phone rang, it was a call from Jeffrey who had been alerted of my disappearance. "What happened tonight, one of the maids called me to tell me you hadn't come back from your walk this evening" Detecting a tone of anger in his voice I tried to distract him by telling him of my findings and he scolded me for being gone for so long without anyone knowing where I was. Going back to the Indian remnants, I persisted on telling him what I had found. In the end he was just worried about me becoming a liability, but had to make it sound as if he cared. " Don't worry Jeffrey, I won't be doing that again. I can honestly say I have learned my lesson and the next time I want to explore I promise to take someone with me". I satisfied his worry of me being a future nuisance and with that I was finally able to tell him what I had discovered on my walk. He was impressed but did not sound surprised. "You must've been gone a long time if you found the old Indian pueblo's, just be careful you don't say anything about where you found the stuff on my property, it

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could become a sight for historical preservation and that means the government could ultimately own my land."

I acknowledged his request and told them they were just a gift for my Mom, who was in love with Indians "Wait until she see's I brought her back real artifacts, she is going to totally freak out." He didn't mind that I was taking them. In fact he admired my curiosity and adventurous spirit. He reminded me that tomorrow was my last day. I would be driven to the Albuquerque International Airport the day after next, to meet Jeffrey in New York, for how long, only he knew. Giving Jeffrey many thanks for a great week, letting him know how much I appreciated these small breaks away, we then said goodnight. Hanging up the phone I had caught my second wind and set out to the kitchen to find a late-night snack. Raiding the fridge and pantry, I found some frozen pizzas and popcorn. I put on a movie and munched on the popcorn while the pizza cooked. Some 1980's dreadful alien flick got the better of me that night. It was based on a true story about people abductions from extraterrestrial beings, which were, like I was, visiting a remote area. I suddenly hated being alone on a ranch in the middle of nowhere. I munched down my burnt, crunchy pizza and became further enveloped in the thick plot. Leaving on the TV and the lights on that night, I spent my night tossing and turning, peeking through the small open crevices of the comforter, half expecting to see an alien being in my bedroom.

Living through the night was a relief and I laughed at myself in the morning, how spooked did I get? When I got to New York, Jeffrey, and Ghislane had a good laugh over my tale of survival in the wilderness and then the alien scare. "Your always having the best adventures" Ghislane exclaimed. We were similar in that way, both being s bit of free spirits it was really only her non-existence of moral standards that differentiated the two of us, in that way. "How do you know you weren't abducted and probed? I mean look at you and all that time alone on the ranch, what do you think Jeffrey, could she pass off as an alien?" Expectedly, Ghislane poked fun at me, her usual fun past time. Our relationship was an odd one, never threatened by each other but always proceatious towards one another nonetheless able to crack a joke together, but when it came time to "work" it was no fun and games, she was intensely serious. "With a sense of humor like yours I would tend to think that you are the one from another planet." Just friendly banter between the two of us, then Jeffrey had to jump in with his two bits, "I think you might be onto something Ghislane." I squinted my eyes and gave them both an exaggerated death stare and pretended to grab my stomach in pain, "I think some things trying to get out of me", putting my fist in my shirt to reenact a scene from Alien, I fell onto the couch and faked my death. "I knew it" Ghislane shouted and jumped on me to begin tickling me all over and we

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all broke out into laughter. It was those fun times that made me feel like we were all apart of this really perplexed family. We did everything together similar to normal families like eat dinner, watch TV, and travel it was only the hedonistic and corrupt side to these two deviates that made them a peculiar pair.

Getting turned on at the two of us playing together, Jeffrey came over to the couch we were on and pulled down his sweatpants revealing his erect manhood. All of the laughter stopped, now it was time for work. Pushing my head into his pubic region I had to give into his perverted wants. Ghislane started to undress me. Once I was bare she loved starting with my breasts. She cupped them in her hands and brushed her fingers over my hardened nipples heading downwards pressing her lips deeply into my skin, I had to maneuver my body on the couch in a complex position to give them both what they wanted. And just like that, without even a moment's notice I could be put on the spot and have to amuse them in any way they wanted. A shameful way to make someone feel like a used toy, I wasn't around for companionship I was there for one thing, I was a compliant piece of eye candy.

Twenty minutes later and Jeffrey had erupted in pleasure. Ghislane sat up, still fully dressed, and wiped the sides of her mouth with her hands, giving a vindictive little chuckle, "That was fun." Jeffrey concurred with a sly grin arching his back for a stretch just looking able to utter the request "Why don't you come up with me upstairs for a steam bath and massage, I need to be loosened up after that?" It was more of a statement than a request, as if I had the choice to say "No thanks, I'm actually tired myself and would love to just relax" instead I would reply with my accustomed trained obedience, "No problem, when your ready lead the way." I had to get dressed again being that we were in Ghislane's downstairs office. Putting my clothes back on, Ghislane thought she had buttered him up just where she wanted him to ask for him to come have a look at her new townhouse renovations when he was finished with his massage. A very strange relationship those two have, there's a definite love flowing between them but not a passionate one, more like a respectful business, he gets what he wants…an uncountable number of girls and she gets what she wants, simple and sweet…an uncountable amount of money. The two things in life that can create such beautiful moments or the most horrendously terrible of them all, is sex and money.

Chapter 15

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I joined him for a shower, steam bath and concluded his needs with a massage while listening to classical music. I knew he didn't want anything sexual from me now seeing he got what he already wanted downstairs, no this one was purely therapeutic. My favorite massages to give, making me feel like an actual real therapist. I lathered him in aromatic oils and let my hands discover the ways to unlock the stresses that his body held. After the massage was concluded we were going downstairs to get ready to go see Ghislane's townhouse as he had promised her earlier. He loved taking the hidden staircase while I hated it. I was so creeped out by his choice of décor, the blood red carpets, violent medieval paintings, and sculptures of the pagan god Pan, all of it representing the darker side of hedonism his lifestyle provoked. Spiraling down the hallway along with each step you took came with a pair of eyes that followed your every step. Brown, blue, green, hazel, all of the colors were there, staring at you the entire way down. As each step progressed, so would my anxiety to get out of there.

We found Ghislane where we had left her, in her office. She had just received an order in, a satellite camera with a twelve-inch flat screen. She told us how it was used to pick up any person in any location with the quick insert of an address. Quite a powerful new toy I thought, but it was only a minute display of what the rich could afford, what use they would get out of it was another concern. Soon after she was done figuring out the controls on the camera, we made a rare and first for me pit stop, the security room. What I thought was our way out by the front door was another hidden door. I was in shock as I was led into a room, so discreet that in three years I never even knew it existed. I kept my head down most of the time, knowing how secretive this must be being another door was an entire security base within his mansion. What I could see when I stole a glimpse here and there was an array of tiny screens, twenty odd or something. Small screens showing various rooms of the mansion I had recognized. The images were constantly changing so I found it hard to pinpoint an exact location but from the décor and short glimpses I suddenly knew from then on that my feelings of my every move being watched inside his corridors was now more than a possibility but was actually happening. Jeffrey spoke to an obese Spanish guy at the desk, whose job was to disgustingly overlook all of the video feedback. Kill two birds with one stone Jeffrey thought, free porn to share with all of his pedophile friends and when the occasion called for it, a security system all at one expense. Ever consumed with making money as well as saving it, I was again astonished at Jeffrey's capabilities. I didn't want to even think how deep the video infiltrated, pretending like I never saw anything at all I put the memory to the back of my mind and went on about my day. Stopping at Ghislane's new townhouse, another gift bought and paid

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for by Jeffrey, he pointed out needed changes all over the place, driving the builders mad, as always. He wanted the place to scream out "GHISLANE" with a bold statement. Checkered floors and bold colors was the theme, like the queen of hearts from Alice in Wonderland, very well suited I thought.

The dust from the walls being torn down chocked my throat and the elevator was not in use, the stairs were hardly either. The whole house was in bad shape then having to go up three flights of rickety steps was a bit of a risk too but worth it once you made it to her future walk in wardrobe or to us commoners, a closet the size of a small a house. Complete with a dressing room, luxurious bathroom and plenty of storage for her every ensemble. Even without it being finished it was already a work of art, a sanctuary for any woman. She adorned herself in her future home, finally her own, relishing every inch of it, she already put in a work desk and spoke constantly of its ongoing renovations. About an hour later we were off to pick out curtains and look at some paint samples at a couple different boutique looking shops. Easily passing off as an ordinary couple for the day, they walked arm in arm strolling the streets of the Upper East Side. Except to me, still replaying the early afternoon's events, shaking my head over the echoed images in my mind, I followed behind just waiting to be needed again.

Over the course of the next few months was a constant influx of exorbitant excursions at Jeffrey's mansions, mainly to his island, to keep up with his ever-demanding sexual appetite with various young women and teenage girls. I got back on the Xanax, an old habit that I felt at the time would stop my memories from flowing back, rehabilitate my problems and relax me enough to deal with any situation at hand, no matter what the circumstance revealed itself to be. It was a drug that would blind my eyes to everything I should've been running from.

Having Brunel always in the picture these days wasn't helping me at all either. Sending his girls for Jeffrey at all of his places now and at a vigorous flow, they had an abundance of girls at their disposal. If I were to count one girl for everyday of the week, it would be the underestimated statement of the century. So many girls between the two of them, some nights it would be a free for all frenzy for Jeffrey and Brunel, seven or so girls giving them their upmost attention, doting on their every moan and whimper, Jeffrey being the main concern since Brunel worked for him and we were all aware of that too. If there were heaven on earth for men like Jeffrey, than he would be their God. Every one of his inner most desires was fulfilled when his harem of women was around. No wonder he didn't travel much abroad these days, all he ever wanted was right at his doorstep. I couldn't believe that he was still asking me to bring girls to him as well. There was never enough girls to

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fill his appetite, so on occasion I would meet a pretty girl around my age and invite her back to his place to make some quick money by offering her a really good contact in the modeling and acting business. Keeping him satisfied and in need of me was a tiring job. With so much competition I had to be on the ball, seeming ambitious to grant him all of his desires. It was a lot of pressure and a spotlight of a role to undertake at such a young age but I told myself this is what my life's training had led me up to be.

My Birthday was around the corner and turning eighteen had lost all of its sparkle and pizzazz. There were no more surprises in store for me, nothing that would bedazzle me I hadn't done already. I spent my birthday on the island, having a quiet dinner and watching "Sex and the City" on the couch with Jeffrey, Ghislane and Fimmy. There was no cake or a celebration of any sort but I did get a couple of presents that I opened outside underneath the main cabana. Jeffrey gave me a beautiful pair of sapphire and diamond encrusted earrings and Ghislane bought me another designer makeup case. I thanked the two of them with a tight squeeze and a gratuitous short spiel. As it went quiet, I looked out to the ocean and wondered if across these waters was there ever going to be happier days spent with someone special to me. Would he be kind, compassionate, and always be there when I needed him most? Or would I end up settling for my final bit of training, a marriage to a greedy old scrooge? Either way what I wanted most didn't matter right now, I was still bound by Jeffrey's hold over me and all I had to keep telling myself to get through this epic journey was, this is just the way it was for now.

Around the table for breakfast Jeffrey announced that he was expecting a few guests coming over with Brunel, no one of importance, just his usual entourage of beautiful girls. Russian models this time and Jeffrey was also having a photographer flown in to take modeling photos using the island as the perfect background for a sexy shoot. All of us girls were ushered onto rocks, hammocks, dug into sand and displayed just about anywhere they wanted. We were being photographed in next to nothing, like a netted fabric placed over us if the shot called for it, but the more provocative the more Jeffrey and Brunel loved it.

After the photo shoot we did some outdoor watersports. While us girls raced the jet skis around and jumped on the water trampoline, the men stayed on dry land to watch us from the beach. I was so used to this constant charade of girls and I didn't mind having a bit of fun but this was different, I had to be more than just polite because I already knew it wouldn't be long before we were all intimate with each other as well. Being the only girl that spoke English out of all of them was also a huge blunder. The only way we could communicate was through hand gestures

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and body language, a very primitive form of speaking, but what choice did we have?

I did my best to get acquainted and as I had previously assumed after lunch on the beach we were again ushered into another part of the island, Jeffrey's cabana. There was no need for words here, as the girls already knew exactly what to do. Without saying anything they undressed me and began to ravage my body with their hands, tongues, lips and fingers. I was delirious, never having done anything like this before with so many girls. It was sheer chaos; I don't honestly know how men could fantasize over this. Through the glimpses in between bodies crossing over me I could see Jeffrey and Brunel watching us, sitting in a chair with their hands around their penises, stroking themselves together "The best part is they don't even speak English so there's never a need to have to keep them amused" I could hear one of the men divulge and pretty sure it came from Jeffrey laughing out loud to Brunel. I just closed my eyes and went somewhere else in my mind until it was all over. That was that, life went on and we all moved on to eat dinner together.

It couldn't be more awkward as Jeffrey and Brunel were beside themselves with their ego's beaming, and the girls chatted like busy little chipmunks with each other. Ghislane and Emmy on the other end of the table were being amused at the entire racquet around the table and then there was me. Sitting quietly and smiling in people's direction when needed, I was counting down the minutes until I could go lay down in my giant comfortable bed, slipping away to the gentle noises the island created and sink comfortably into a deep sleep with the assistance of my Xanax. Scratching at the plate in front of me with my fork out of boredom, I wasn't even hungry. I had lost my appetite for food. Rather sipping on the champagne I wanted to feel as far away from here as possible. What seemed like hours for everyone to finish their meals we were finally all saying goodnight and goodbye to each other, as Brunel was off early in the morning and taking the eight beauties with him. "Thank God" I told myself, once was more than I could handle of that in one day.

It didn't take me long to get back into my own comfort zone. Heading straight back to my cabana after dessert was served nearly tripping over my own two feet as I tried to scuttle off in a hurry. As soon as I entered my domain, I drew a breath and sighed a deep exhale outwards, finally alone and at peace… for now at least. Although the sun had set hours ago the high temperatures of the Caribbean were still an affliction, plaguing my cabana I was welcomed by a rush of warm air as I opened the door. I hit the switch to the fan and stripped down for a shower. Preparing my towel and toileries I opened the back door to the outside shower and placed them on the floor. Whether I was cleaning up in the midst of a hot

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day or retiring for the evening, an outside shower was always splendid. Under a thick dark cloak of the night sky only the moon and stars to shed enough light for me to see my way around. I could feel the soft breeze lick the droplets falling off of my bodies' curves in the reflection of the moonlight. It only encouraged me to stay longer under the warmth from the spray of rushing water. I let the hot water run out before I was sufficed enough to go back inside. Lounging around the bed in my panties and a tank top I was still sweltering from the heat. Trying to tire myself out, I did some reading and eventually fell asleep. I needed those times to unwind after such an ordeal, letting the Xanax wash away all of the pain I could then forgive the mistakes I had made, blaming myself for staying around for this I had wished I was never born at all. The pills would take all of that away for me. My heart was a tangled weave of deception and pain, only reassured by the lies that were told to me and the lies I would have to convince myself of.

Chapter 16

When we flew back into Palm Beach, Juan drove me back to my apartment. Lonely for some companionship I decided to call an old friend. I was longing to be important to someone and unfortunately with such little time to have a social life of my own I was compelled to call T.J again. His Mom answered the phone and sounded quite surprised to hear my voice on the other end. She was always kind to me, I even used to bring her back "Cola" cans from other countries a bizarre hobby she loved collecting. She just didn't know what I saw in her son, even saying that to his face many times over. Not blind to his ways of cheating and stealing, being a personal victim of it, she made it apparent that she did not approve of T.J's choice in lifestyle. It used to really hurt him how his parents thought so badly of him, so he gave up trying to earn their love a long time ago. As long as he didn't steal from them anymore he was allowed to live there. Instead of that being a lesson to him, he would just try to be more clever in what he would steal, less obvious things. He would steal the toaster and sell it for five dollars if he knew it would help to get him his next high.

Nonetheless and at my expense I had a sweet spot for him. With enough water under the bridge, I was able to forget about the troubles he caused. His Mom told me she'd pass on the message when he got home, but that could be days from now. The last time he had been home was over a couple of weeks now. He only stopped by to get something to eat, have a long sleep and to beg her for a few bucks, supposedly to help him buy food. Then he was off again without a single word said, only leaving

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his parents to their own assumptions, which were pretty much correct anyways.

I then called around a couple of mutual friends to see if anyone had heard from him. Everyone I spoke to pointed their fingers in the same direction and the worst place possible, Ritchie's house. One of his best friends told me of how bad he was doing, "He's not the same guy anymore, and all he cares about is the next high he gets. If we don't get anything for him he just loses it and goes off somewhere." It was hard to hear how badly affected my best friend was and a part of me secretly hoped they weren't right. Still defending him, I told everyone I had spoke too while trying to find him that T.J would be fine, he's just probably going through a bad phase, like we all do sometimes and needs people to have his back more than ever now. I was pretty much laughed at on the spot, most people that I considered my friends at the time were only friends by association. As long as we all looked the part, acted the part, and could handle the part, only then did they want to be around us. The last person I called was the last person I had hoped he wasn't with and it turned out that everyone was right.

He was with one of the biggest Coke dealers in our area, Ritchie-Rich, as everyone used to call him. He didn't look like a typical strung out junkie or dealer. Instead he looked like your average preppy college grad with aspiring propositions. He dressed well and acted like a nice guy to imminent clients only to get them hooked on his drugs and then turns them out onto the streets. He was a businessman and his business was thriving. He carried everything from most drugs to guns and knives. Having ears in all places made him a dangerous acquaintance. Using kids off the local Palm Beach streets to run his dirty errands and the errands of the others above him, he made his money by using these teenagers, who as hard as it was to believe was once somebodies sweet child.

I knew T.J didn't have the finances to support himself or his drug habit so the likelihood of him being indebted to Ritchie in other ways was a safe assumption. Obtaining Ritchie's number from one of T.J's friends Marcus he asked me, "What do you want to call Ritchie for? Come over to my place and I can get you whatever you want" Marcus was a sleaze bag who would tirelessly continue to try to appeal to my lesser sense of judgment, never getting the hint or just not caring that I could never and would never be interested in him. "No Thanks Marcus, can I just get the number please, it's very important that I get ahold of T.J, I'm really worried about him." I hated having to call this guy let alone have to ask him for something. "Is this about the Adam bullshit? Cause if it is you can let him know what a fucking bitch he is for not showing up to be there for him, you can tell him from me that it's his fault and it should've been him that's lying in the morgue now, not Adam" I was totally thrown

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by his allegations I could only mutter out a whisper "Did you just say that Adam is dead, what happened?" "Oh snaps, I thought you knew, where have you been girl, under a rock or something?" Marcus was less than sensitive about his statements. "He got shot in the head by two black guys who got suspicious when their usual supplier didn't show up, your boy T.J was so fucked up he didn't even remember to turn up at Ritchie's for the delivery, so Ritchie sent Adam alone and now he's dead." Adam was a sweet kid who just happened to be born living on the wrong block. Best friends with T.J since childhood, the two were inseparable until puberty hit and even then they would chase girls together. Adam followed in T.J's every footstep, mimicking his shadow, if T.J jumped off the Eifel Tower then so would Adam so when T.J got hooked on drugs consequently Adam did too, leading ultimately to his death. Wanting to end the conversation with Marcus quickly I scribbled down the phone number on a blank piece of paper in front of me and hung up the phone to call Ritchie's place immediately.

"Yeah?" It was Ritchie whom bluntly answered the phone after the first ring. "Hi –Uh- Rich, It's Jenna, T.J's ex, we met a couple of times at a few parties" I was trying to remind him of who I was knowing how paranoid he was about people having his number. "Oh yeah, I know who you are, what is it you want?" He answered with a dry tone. "I was hoping you could tell me where I could find T.J, I've heard some stuff and am really worried about him, is he alright?" Ritchie snickered at my concerns. "What are you his Mom or something? He's fine, he should be back here around five o'clock, I'll tell him you called." In the middle of me saying "Thanks and good-bye" he hung up the phone, as there is no room for manners in his line of work. I waited until five o'clock watching the minutes on the clock tick past and when five o'clock came and passed by with still no phone call, I couldn't deny to myself that I wasn't stricken with distress. Falling asleep wasn't easy either. I ended up crashing out on my sofa watching T.V, half expecting to hear of another murder on the news and it being T.J.

Forgetting to put on my eye mask before I went to bed, I was woken up the next morning by rays of the sun beaming into my living room. When I sleep I am a creature of darkness, avoiding any window light at all costs. Staggering to the coffee pot not used to getting up this early, my first thought that day was T.J and why he hadn't called. A million thoughts rushed through my head like a steam train…is he ok? Is he not calling because he is still mad from our last breakup? Has he moved on to someone else? Is he in any trouble? Did Ritchie even pass on my message? The thoughts were an endless infliction, consuming my entire day.

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Until finally he called my cell phone later in the afternoon, relief swept over me when I heard his voice on the other end. "Thank God you called, I have been so worried about you, are you alright?" I jumped in without letting him get past saying "Hello". "Yeah, I'm fine. Ritchie told me you called his house looking for me yesterday and gave me shit for it saying you were upset or something, what's up?" I knew I would have to be delicate about asking what happened to Adam, thinking he'd be a mess over it. "I heard from Marcus that something happened to Adam and I got worried about you, what is going on?" T.J sounded scared, for what reasons were beyond my knowledge but I was going to find out, he replied " I don't want to talk about it over the phone. Are you in town so we can meet up or something?" It was obvious I wanted him to know that I was more than willing to lend my shoulder for his problems. "I'm home now if you want to come over whenever you feel like it." He didn't hesitate in taking me up on the offer. " But I won't be able to get there until later, I'm downtown at Ritchie's place unless you want to come pick me up."

It was more of a request than a favor to myself which is what he was making it out to sound like, knowing him all to well I didn't make a fuss of his ill-contemplated attributes. I got the address off him and made my way into the ugliness of the not so dazzling parts of the Palm Beaches downtown area. Rolling up my windows and locking the doors to my truck I nervously drove through the rough streets trying to find Ritchie's apartment complex. Knowing all too well the history of the area, it's not a place a lone white girl in a nice truck wants to be seen, many reports of the locals rushing up to a vehicles with a weapon demanding money, cars, or just angry and out to hurt someone. I was speeding through the streets wanting to get out of there as quick as I could. A sad world we live in with so much hurt everywhere you look and nobody wanting to do anything about it, just accepting the hopelessness of never being able to achieve anything more than what our civilization has succumbed to. Being among one of those people, we were similar in so many ways. Only separated by our own personal fears and the different direction they pulled us into.

I drove straight through the open gates at the entrance to the complex and parked on the gutter in front of Ritchie's block of units. A crowd of people stood outside the blocks I was entering. Being hit on and offered drugs simultaneously my cheeks went flush and I put my head down not saying a word. Walking up the corridors of the staircase looked like a scene out of a horror flick. Graffiti covered the peeling of green paint on the walls and the pungent stench of something rotting, only to the worst of my imagination, filled my nostrils. I could hear babies screaming

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through the thin walls and trying to find the unit number was difficult from the sporadic flickering of the fluorescent lights above me.

At last I found Ritchie's one, quite astonished with myself that I even made it this far. I had to knock loudly on the door a few times before a young girl answered the door with eyeliner bleeding down from her eyes, her jet black hair was strung out and a mess and she looked off her face on some hard drug. She had only her bra and a short skirt on to cover her private areas and a cigarette hung out of her mouth to complete the full picture of terrible state she was in. She looked me down with contempt and snubbed at me "What do you want?" I maintained my politeness and told her T.J was expecting me. She opened the door and walked away, leaving me by myself to venture through looking for T.J.

Passing through the kitchen it looked like a hospital lab with syringes on the counter tops and medicine containers lying around everywhere. Minding my steps through the dirty house, I walked to the back to the living room and found T.J in a K-Hole strung out on a filthy couch. "Hey…there" he acknowledged me with a giant smile spread across his face. He probably didn't even know who I was from the dreadful state he was in. My first look at him in months and I was in utter shock. My jaw must have dropped to the floor at the very sight of him. Never seeing him so skinny and unhealthy looking I took pity and wanted to help him before things got even worse and he ended up like Adam, dead.

"T.J, hey buddy its Jenna, remember I was coming to pick you up today. You don't look so good, what are you doing so messed up?" I don't think he could even understand what I was even saying because he could only reply by giggling and rolling over, patting the couch as if it were a fluffy animal. I stood over him now and raised my voice so he'd know I was serious and snap out of it a bit. "Get Up T.J, Now!" I ushered at him to get off the couch, repeating myself a few times over and with no response I knew I had to get physical. Rolling him back over to face me again I smacked his face hard and I'm sure it stung but I got the reaction I had wanted. He sat up and looked at me confused.

At least now he was able to focus on my words requesting him to come with me. He was getting up from the couch and stumbling around before falling down to the floor again. Putting his arm around my neck and carrying the majority of his weight, I helped him up many times over and down three flights of stairs into my truck and drove him back to my place. It was a triumph on it's own arriving downstairs in one piece. Being the only person who really cared if T.J lived or died I felt like the responsibility of helping him was my concern alone.

Thankfully Jeffrey was in Palm Beach for the next couple weeks entertaining royalty, which gave me a little time to try and clean T.J up. I called a few of his friends that I knew and asked them not to score any

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drugs for him any more, pleading with them and telling all of them he was on the brink of death, reminding them of the friendship between us all that once existed before the drugs corrupted so many of us. Some of them laughed at me telling me I was wasting my time with T.J and others were nice enough to at least lie to my face politely and promise not to help him feed his addiction.

I just wanted to remedy all of his pain and problems but I felt so helpless fighting his battle against the streets. I bought some marijuana for him to smoke hoping to subside the withdrawals he was facing over the next few days but with no avail. The only thing that would help him was my Xanax, a few of those pills and he would go back to sleep, only waking up to get more of them. I would have to force him out of bed to have a shower once a day and make sure he ate something. He was more like a baby right now than he was a boyfriend, too much in need of something I couldn't give.

Chapter 17

When I went to see Jeffrey over the next course of days he picked out the dilemma I wore spread across my face straight away. "Your back with T.J aren't you" It was so funny that he knew me so well. "Yeah, he's in a real bad place in his life right now and needs my help." He looked astonished and replied, "You're a much better friend than I am, I know people like him and trust me they never change, no use in even trying" I believed him too knowing I was stupid for even attempting to change T.J, but my heart felt differently, he was still a human being and a good friend of mine just down at his worst. "That's what good friends are for" I laughed back at his remark, not wanting to take this conversation too much further. " I admire your loyalty at least, but take my word for it, he will hurt you again." His words were chilling but true, I had to find out for myself though.

Almost seeming like an actual friend for a second he ruined his brief momentary image by turning over from the unfinished massage that I was giving to him and acquired his sexual longings from my worn down soul. Not only did he know that I didn't want to endure any more demands tonight, but his energy enhanced from knowing it too. Looking up at him during the foreplay, it was an easy observation from the look in my eyes

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that I hated every minute of it, seething through all of my duties until he climaxed.

Most days I could take this kind of treatment, it was only seldom I couldn't hold in the way Jeffrey disregarded my feelings. He had me just where he wanted me, like a pawn piece on a checkers board I was his own personal sex slave. For the remainder of the evening I stayed quiet, not sure of what to say after an episode like that. It was a vigorous display of how calumniating he could really be. He required me to clean up his spilled semen off of his genitals with a wet warm washcloth before he retired to his bedroom for a good night's sleep. Only a monstrous creep could sleep easy at night knowing what pain he caused others.

I went downstairs and asked Juan, who was still in the kitchen to pay me for the evening telling him that Jeffrey had gone to sleep for the night. It wasn't an unusual request. Juan would often have to fix up "the girls" after the sessions and sometimes even drive them home. He went to Jeffrey's desk and underneath was his duffel bag that always held insurmountable bundles of crisp hundred dollar bills. He took out two for me and handed them over. I thanked him and said goodnight, as I was always polite to Juan and his wife, Maria. His eyes were gentle and told me more than what he was allowed to say. I understood well. We all needed to eat and pay bills unfortunately even sometimes at our own moral expense.

Putting the keys into the ignition I started up the engine and reversed out of Jeffrey's driveway with promptness. I didn't want to be there a moment longer than I had to. Not much to look forward too getting back to my apartment either, I needed some time to filter my emotions. Parking my truck in front of a nearby beach I took my shoes off gradually stepping out of the door into the fog. I walked down to the edge of the sand where the water licked at my toes. My life was slipping away from me and I was really beginning to question the difference between living and dying. I was so tired of everything, my whole existence revolved around being everything to everyone, forgetting about being something for myself altogether. Pretending to be someone else became an attribute I was better than good at, probably much of why Jeffrey liked me in the first place. This time I held back my tears back and only let the anger fester into a deep pit in my stomach. My rage was aimed at the very people who abandoned me to fend for myself in the first place and accepted this life as normal for me, my parents.

When I got back to my apartment I was expecting to have to look after T.J, but to my surprise he had come around good that night. He greeted me at the door and asked how my evening was. "It was all fine" I easily lied. I never let anyone inside close enough to see my vulnerabilities. They were mine alone to battle. In my head they were too shameful to

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talk about anyways. He wanted to talk about something else anyways. Sitting me down at the dining room table he began his spiel. " I know you don't think much of me anymore, how could you? I'm a junkie who steals and sells drugs for a living, but I promise that's all going to change now. Adam is dead because of me and the only way I can make it up to him is to get away from it all. I promise things are going to get better." It was a convincing talk, but I knew him all too well. His demon inside yearned for him to fail but who was I to second-guess him out loud, I could only try to give him hope. "No one is perfect T.J. At least you're trying now and that's all that matters to me. I am so proud of you." I gave him a sincere hug and kissed him for the first time in a long time. "I love you," he said to me and I returned my love back. We slept in the same bed together that night and were officially back on together.

Two days later I was gone again, beckoned to be in Santa Fe. Ghislane only told me that I was to meet someone there, not sure of whom that was. It wasn't my place to ask questions. As far as I knew it could be anyone and I had no choice but to be compliant to their needs. It was the middle of the day when I arrived at the airport. One of the ranch hands came to pick me up in a big work truck that smelled like dirt and sweat but I didn't mind that's what I loved about the countryside.

When we arrived at the mansion my guest was already there waiting for me. I couldn't wipe the look off my face as he turned around from the bookshelf that he was standing at. "Hello" that same old cheesy grin greeted me once again. It was his highness Prince Andrew, and what a sight. He wrapped his arms around my waist and greeted me like an old friend. I hugged him back rolling my eyes at the same time, already dreading what lay in store over the next couple of days. My job was to entertain him endlessly, whether that meant having to bestow him my body during an erotic massage or simply take him horseback riding. For the next couple of days he was to be my only concern, but he wasn't. I called in checking on T.J a few times a day, not wanting to be a nag but just hoping he hadn't had any thoughts about relapsing. He was doing great, even applying for a couple jobs. Being reassured by him made my time away less complicated and thankfully with the help of my ever-ready Xanax I was able to cope with the ordeal.

The mansion was completely empty save a couple of maids who also cooked our dinners for us, and a couple bodyguards that we hardly even saw at all. The time dragged by slowly for me as I was counting down the hours until I flew away again, anywhere but here I thought. It wasn't easy meeting the sexual desires of these strange men, the Prince being one of them. He loved my feet and even licked in between my toes. Then there was the lack of passion in the intimacy we shared, to him I was just another girl and to me he was just another job. Not the right reasons to be

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together but I thought in this world and to these monsters, there didn't need to be a reason. To them it's nothing but a reenactment of their personal fantasies. To me it was a living nightmare.

Thankfully one of Jeffrey's assistants from New York called me on my cell phone early in the morning on the second day to fill me in on my next adventure. I had a flight booked for me to leave that afternoon to arrive at La Guardia airport in the evening. Even though I had to go back to yet another controlling man, I was still relieved. At least I was used to the confinements of Jeffrey's control and in some twisted way he was more comforting than these strangers he sent me to. Overlooking the city of New York as the plane landed felt like I was flying from one cage to another. Entrapped by falling victim to the predators that lured me into their enclosure. I didn't know how I would ever get out again. That deep pit in my stomach began to churn again, a physical reaction to the anxiety I was plagued with. Before getting off the plane I touched up my make-up to hide any signs of the frailty I was feeling.

Jo-Jo met me at the arrival terminal and picked up my luggage for me. He never said much at all, nodding to any reciprocating conversation. I don't think he could really speak that good of English anyways. It was better for me as I preferred the quietness for the moment. He opened the back door for me and we headed off for my next prison cell. When we got to Jeffrey's mansion on 72nd, the place looked empty. I walked up the staircase to Jeffrey's office and he wasn't there. Feeling a bit hungry I walked back down to where the kitchen was. I opened the fridge and found some leftovers that Adam, Jeffrey's chef, had cooked. I loved his cooking, when it wasn't filled with beansprouts and tofu. He used to make me the best pizza upon request, or whenever he was cooking seafood, which he knew I hated. He had an honest appeal about him and never even took notice when on many occasions us girls would be prancing around topless, sometimes even stark naked around the pool or beach. He would have to serve us our meals and would do it with such a casual professionalism, never making anyone uneasy at any occasion.

Half way through my meal the kitchen doors swung open and incoming was Jeffrey and Ghislane. Choking down my bite of food down, I got up from my seat and kissed them both on the cheeks. " Hi guys, how are you?" I greeted them and Ghislane answered for them both "Good, good. Sit down and finish your meal, don't let us interrupt you." I hated eating alone in front of people, chewing food and maintaining a conversation at the same time didn't give off the best look. "I was just finishing anyways, can I get you guys anything, maybe a tea or something?" Always playing my part, another reason to keep me around I guess, I went beyond the call of duty and after the last period with them, I had been reminded of my place. "Yes, I'll take a one" Ghislane stated. "Jeffrey how about you,

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anything I can get for you?" I asked again and he answered, "No thanks, we just ate and I'm still full" and they sat down together on the stools at the kitchen bench.

I got out the shiny red kettle from the cupboard, knowing my way all too well around the kitchen and put it over the hot stove plate. Turning around to face them, I thought they were acting peculiar. "So…"Ghislane started the conversation, "How was the ranch with the Prince?" It was a natural reaction for me to blush, knowing exactly what she was referring too. Keeping busy preparing her cup of tea and avoiding eye contact with both of them I started to unpack the counter where I had been eating, "I think he had a really good time, he seemed relaxed during the trip and when we said good-bye to each other he gave me a kiss." I went on to tell them what we did together "I took him horseback riding, nowhere to far just around the property, um… we went swimming in the pool, and of course I gave him plenty of massages. He had a massage at least couple times each day really seeming to enjoy his time there." It's what they wanted to hear, not the truth of how disgusting I had felt over the whole thing but they already knew the truth anyways, it's what they had trained me for in the first place.

Like two proud parents they both looked over me with such content. "Good, you did really well" Jeffrey complimented me. Turning around to the boiling kettle, I finished Ghislane's tea for her and the conversation led on to other subjects. We all ventured up to Jeffrey's office and out came the infamous duffle bag that went wherever he did. I was given close to a thousand dollars for my time in Santa Fe, more than what I thought anybody at my young age could make for a couple days of work. It was fulfilling the obscene vulgar needs of the so-called privileged that earned me so much.

Chapter 18

I spent the next few days in New York, venturing out to do some shopping therapy. I loved the eccentric parts of the city. Every street was different but the same energetic vibe filled all of them, animated with all different walks of life. Hanging out at coffee shops reading the newspaper or a good book was a favorite pastime while in the big apple. Being close enough to get back to Jeffrey for when he needed me but also far enough to get away from all of it. Most of the day slipped by without being missed and I made my way back to Jeffrey's.

Making one last pit stop, I walked into an old bookshop to browse at their assortment of old titles. I wasn't in any hurry so I took my time

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reading the backs of interesting looking books. I bumped into a girl looking down the same aisle I was down. "Sorry, I'm so clumsy" she was apologizing for my mistake. "No, no, it was my fault, I wasn't looking at where I was going. I get so wrapped up with my nose in a book and trip over my own two feet if I'm not careful enough." We were both giggling now and I further introduced myself to her. Her name was Valerie or Vickie or something like that, anyways she was a student at a school for hairdressing nearby. Chatting away both young and similar interests in each other's choice of reading we found it easy to speak with one another. She wasn't from around here only being in the city for the last two months, her parents hated her being here, but were also supportive in her big decision to move from the countryside in hopes of her accomplishing her own dreams. Aside from not having her near them, they just wanted her to be happy and supported in her big decision to move to the city, helping her pay some of the way.

She was a pretty girl with cherry red hair and soft white skin. Her long legs were emphasized by the short flowery dress that complimented her hourglass figure. She would definitely fit the pro quo for going down in one of Jeffrey's little black books. Only imagining the look on his face upon meeting her I could already see his sly grin spread from ear to ear. Knowing exactly what he would do with her and the very thought of him tarnishing a sweet country girl such as her just couldn't be done. It was the beginning of a turning point in my life that started with realizing I had a choice at hand and the effect I could have on one person alone. "I must be off, but it was really nice to meet you." Bidding her goodnight and paying for my books I turned around with one last glance over my shoulder and said. "Good luck in the city!" Leaving that bookshop was a small step in a growing abundance of larger strides to come. Turning the corner onto 72nd street I had an undeniable feeling in the pit of my stomach again but this time it wasn't the familiar hurl of anxiety I was used too after I had done something I had wrong that I had regretted, it was a new feeling of pride and inner strength. I quite liked it a lot. I held my head high and smiled on the inside when Jeffrey asked me how my day was and what I got up to, not mentioning I had let one girl slip on bye.

The icy winter winds faded away making way for the approaching sunny days that blossomed the colorful shades of spring. This was my favorite time of the year. Making the most use of his island we spent countless days of the increasingly hot days there. A constant array of visiting guests and plentiful young women to flock around keeping them entertained was the typical lazy afternoon on Little St. Jeff's. We ate, drank, and played under the blue blanket of cloudless skies. To many this lifestyle could seem idyllic, unless you were like me, the one on the other

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side of the fence where the grass wasn't so green. Fortunately for me and in some ways not, I was mostly expected to attend to only Jeffrey's insurmountable of sexual desires. Whereas the other girls who came one day and went the next were promised a multitude of open doors just for there meager participation in sexual acts with random men, only to be disappointed when they realized they were nothing more than a single night out for these geriatric senior citizens who most likely due Alzheimer's would sooner forget the entire experience let alone their first name.

Surrounded by those in our world who many looked up too but not seeing them from where I was standing, I didn't have the highest of standards in humanity. Then I met Al Gore and his lovely wife during one of those many weekends away in the Caribbean. I was blown away by the amount of attention Al doted on his wife, it was so sweet to watch. They sat next to each other at the dinner table gazing into one another's eyes having an intimate conversation between them. Among the many guests visiting that night and many of them young beautiful women, not once did Al's eye's stray elsewhere, to them they were the only ones there. He was up for a presidential election that year and he definitely had my vote. Anyone that could show that much devotion and passion towards his loved ones could have the same devotion towards running a country, or at least I thought so. He only left his wife's side to have a walk down to the beach with the host of the weekend, Jeffrey. The weather was still warm in the evening when I decided to break away from the idle chat around the table and take a stroll too.

Not wanting to interrupt the conversation between Jeffrey and Al, I walked in the opposite direction plucking the washed up sea shells imbedded in the sand along the way. I enjoyed the serenity in the solitude of the island. So many nooks and crannies to get lost in, I could imagine that I actually disappeared from the entire world for a moment. By the time I came back to the main house majority of the small crowd had been long gone retired to their cabanas. Even Jeffrey had gone off to bed but trust party animal Ghislane to still be up entertaining the remaining guests left at the table, regaling her wild stories of people and places she has embarked on. Trying not to make eye contact as I walked past them on my way back to my cabana carrying my seashells inside my curled up blouse, I wasn't up for anymore pointless talking tonight. Emptying out my seashells into a plastic bag, I went over my new treasures one by one. I loved collecting odd things, shells being one of my favorites.

Ghislane and I shared that interest together. We would enjoy walk abouts around the island searching for lost pieces of the remnants that pirate's had left behind centuries ago. It was mostly broken plates or smashed glass from bottles of ale, and even occasionally getting lucky

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enough to find some old coins here and there. It wasn't easy though, both loving a challenge it was perfect for us. Enduring many scratches from the bushes we would be searching through and then the soar arms from digging all day, but it was worth it in the end. After nearly two years of collecting items and saving them, we made Jeffrey a mosaic table out of the remaining pieces left from the era of the pirate's day. Upon completing it we were both astounded in our creation, it was such an item of rarity and an interesting piece of work. When we presented it to Jeffrey he was even impressed not only in our amazing finds but what we did with them. The table became an important work of art that Jeffrey showed off inside the main house's lounge room, sparking a much intrigue and table conversation by many of the visiting guests to his island.

The next morning was good-bye for most of the visitors, leaving just the usual behind. Soaking in the sun and living it up in the lap of luxury is how the next few weeks were spent before having to get back to the dredge of the city. Sometimes we'd have to go to St. Johns island for Jeffrey to do some work in the office. It was so boring for me to sit in their listening to him on the phone or coming down on some poor employee for something stupid like not answering the phone correctly. If I knew he was going to be awhile I would excuse myself for a bit of shopping. Not that the Caribbean had much to offer in the world of fashion but there was never an amount of bikinis one girl could own and I loved all the little knick knacks one could find there. Flying back on a private jet was the best part because I could transport just about anything I wanted back to my apartment, which was already filled with an assortment from my shopping ventures and collection of seashells from the Caribbean.

The next big dinner party on the island had another significant guest appearance being, the one and only, Bill Clinton. He is the only president in the world to be dismissed from his role as a world leader because he was caught with his trousers around his ankles and had the stain to prove it. Publicly humiliating his wife and himself he retired from his title but not from his lifestyle. This wasn't a big party as such, only a few of us eating at the diner table. There was Jeffrey at the head of it all, as always. On the left side was Emmy, Ghislane and I. Sitting across the table from us was Bill with two lovely girls who were visiting from New York. Bill's wife, Hillary's absence from the night made it easy for his apparent provocative cheeky side to come out. Teasing the girls on either side of him with playful pokes and brassy comments, there was no modesty between any of them. We all finished our meals and scattered in our own different directions.

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Jeffrey wanted his evening massage before bed and Ghislane and Emmy went to their office to talk about something, leaving our guest of honor to find company elsewhere. Strolling into the darkness with two beautiful girls around either arm, Bill seemed content to retire for the evening. He wanted to have a hot bath before bed while I began the massage in the tub. Starting with his feet and calves, he wanted to end the night quickly. Never showing any restraint he sat up on the edge of the tub and asked me to preform on him orally. I did my job, but that's all our relationship was these days, a dreadful job. Getting it over and done with as quick as possible was my hope but I couldn't let him pick up on those vibes, to make him enticed I had to act like his little porn star, knowing exactly how he wanted it. Only then would my duties be fulfilled and I would be able to get back the reality of my complicated life. Before I could say goodnight, Jeffrey had one more request. He wanted me to tuck him under the blankets and fluff his pillows for him. Then I had to reach under the covers and massage his feet while watching him fall asleep, he even wanted me to wait like twenty minutes or so after he fell asleep before I could leave. It wasn't unusual for him to ask it but God I hated it, never offering it I would always wait for him to request it. Once he was snoring gently I wiped my hands clean of the lotion and quietly closed the doors to his room. Making my way up the outdoor spiraling staircase, I felt the breeze blow through my hair and looked up to the heavens. The stars shown so bright out here in the middle of nowhere with no big city lights to hinder their effect I could get lost in time staring into them. No matter how far gone I really felt there was always something about a simple caress from the wind or the reflection of the star sweeping sky in the black glossy ocean that would always remind me of my fond love of nature's blessings.

Back in New York, there was nothing left of nature to adorn. It was a dwelling for those who no longer saw the use for trees without cages or blue skies without clouds of man made fumes and gases. Unfortunately if we weren't in the Caribbean, we were there in New York. Hardly going back to Palm Beach, barely even seeing my family, my dog or T.J these days at all. In my parents heads I was all grown up and educated in the world of wealth not needing them any longer they would just wait for my call once in a while to let them know how I was doing and that was the extent to our restricted relationship. The road my life has led down never has kept me close to home anyways so to me it wasn't anything unordinary but still a sad existence to be without a family of my own. It would've been nice to be missed though, rarely letting myself think like that. No room for pity in my heart, if I did, the floodgates could open and I'd have enough grief in one lifetime to go around a few times that they would've never been closed.

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Jeffrey's business was running well from the looks of his attentiveness the office he owned in the Upper East Side of Manhattan. Alan Dershowitz, his colleague in finances and personal solicitor, a bird of the same feather, I had seen hanging around the island and Jeffrey's Manhattan mansion, more and more these days. Alan's taste for the young and beautiful was a bias for a blooming business relationship between him and Jeffrey. After an explicit session of Jeffrey's vulgar pilgrimage into my body, we were interrupted by a knock at the door by Jeffrey's good friend, Alan. I wrapped myself up in Jeffrey's pink bed sheets, which is the color preference he chose to sleep in because it reminded him of the same color of his own words "Pussy", and covered my face from the unexpected intrusion. Jeffrey got up and wrapped a towel around his loins and answered the door completely calm. Opening the bedroom door and letting Alan inside they began to converse about business immediately, right in front of me. Jeffrey started to tell Alan what needed to be done while he jostled some notes down quickly. I peeked my head from underneath the covers thinking they were too wrapped up in their work to notice me get up and dressed, and Jeffrey turned back to me and told me to just stay there this would only take a second. Going back to Alan he turned his focus back into work and hustled out a few more orders before letting Alan out of the door and returning his attention to me.

"Sorry about that, work never stops and neither will the money coming in. How else am I going to make a million dollars while I'm sleeping?" Jeffrey chuckled as he sat back down on the bed next to me. I laughed at his humorous and mostly true statement, then a strand of hair fell in front of my face. Before I could get to it he put it back behind my ears and sweetly stroked my face, for a moment we just looked into each other's eyes and he nearly seemed almost human to me. It was bizarre how he could be so kind and gentle one moment and the second beforehand I was being treated like no more than a common plaything left out for display. Nothing more than an ego trip, Jeffrey got off on letting the ones he wanted to know that he could own anything and anyone he wanted in this world. Maybe for a brief minute I believed the sincerity behind his eyes but that vision would quickly fade away and I would be left second-guessing why I even fell for his deceitful tricks for a moment.

Jeffrey got up from the bed and asked me to join him for a shower. In his bedroom, which was the entire top floor, he had a glass shower enclosed underneath a glass skylight right in the middle of the room. It was perfectly accessible feature for a man that loved both being clean and nude, but still an odd feature at that. As I always did whenever I showered with him, I lathered a loofa with soapsuds and would scrub his body, up and down, in between his toes, even behind his ears and of

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course his genitals area. The sunlight shown through the glass ceilings into where we were standing, making the moment feel even more surreal on top of the already popped Xanax I had popped before for breakfast earlier that morning. Jeffrey was in such a lighthearted mood that day, making funny cracks at me, and acting like a flirt. When I was finished washing him he actually wanted to wash me too, which was another totally out of his character suggestion.

For the rest of the day, he took me everywhere with him, the office and then to a friends place, even just wanting to hang out with me for a while. I wasn't used to being treated like anything more than a dog on a leash, when he acted like this it just completely spun me around confusing me even more.

We were spending heaps of time together these days, a lot more than usual. At the ranch we would do things together, alone, and not just the usual perverted things I was accustomed to doing with him alone. Horseback riding on his ranch during weekends away by ourselves and movie nights snuggling up over a bucket of popcorn instead of having to massage his feet during the entire film became his way to alter my perception of my original notion that I wasn't just his sex slave, I thought I was finally becoming his friend.

When we went quad biking he no longer wanted me to take my own bike, he preferred me to sit on the back of his, holding onto him tightly and he even tried to teach me how to drive a manual stick shift car. He was definitely trying to show a softer side of himself, different to the stone cold slave driver I had to come to respect out of fear over the many years. Still a hard image to change after all I had been through and seen over the years I had been with him. Nonetheless he was still my "boss" so I humored his attempts and matched his caring demeanor, giving him the impression I was intrigued in our new kind of affair.

Chapter 19

His attentiveness led into the warmer months that commenced the beginning of long summer days that I looked forward too. I couldn't help but enjoy his eagerness to see me more relaxed these days. He wasn't even bothering me to find alternate sources of girls for his twisted satisfaction anymore and although I was still being used for his distorted sexual enjoyments he further seduced me into believing I meant a lot more to him than I ever did.

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It all came to a sudden conclusion one sunny afternoon in the Caribbean. Jeffrey pulled himself up to the ladders first step and climbed up the next four steps to the top of the dock. His chest was heaving rapidly as he sat down catching his breath. Ghislane was the next one up and then I followed lastly behind them. To me it was an invigorating snorkel around the shallow reefs within the radius of the dock, but to Jeffrey the half an hour swim in the ocean was enough to overexert his ageing limbs. I took off my snorkel gear and placed it in the storage bench, grabbing us a few towels at the same time. Wrapping a towel around Jeffrey's backside and handing one to Ghislane, I sat down next to them on the dock and we laughed how fatigued Jeffrey was, poking fun that he really is getting older. A very touchy subject for the vain at heart but he didn't seem to mind it, probably knowing we'd never take the joke too far. We sat there in silence for a moment, an odd silence at that. Jeffrey looked at Ghislane and then Ghislane looked at me, placing me once again in the spotlight. They both scooted closer to where I was sitting and I felt something stirring in the air. The biggest turning point of events in all of my time spent with them.

Jeffrey sat next to me and put his hand on my back and looked at me with a certain kind of sincerity I hadn't seen in him before. "I want to first of all tell you that over the last few years you have shown me the kind of devotion and loyalty that I believe is rare to find among people these days, qualities I hold that high in regard." Bewildered by the whole scenario I just nodded every time he paused, trying to grasp what his intentions were getting at. He continued to praise my nature saying " I hope you know my appreciation for your embracing of my lifestyle, you have been achieving a name for yourself among the friends I have introduced you to. Everybody says basically the same thing about you, the same thing I believe. You are a delightfully funny girl who has developed into a mature graceful young woman and I could think of nobody else I'd rather have a child than with than you."

And just like that he created a whole new dilemma for me to face. In utter shock from the completely unexpected proposition and before I could even think of anything to respond with, Ghislane made the finishing touches with the business end of the deal starting with the pros before the cons "You would have around the clock nannies to help you. Jeffrey would pay for a mansion of your choice in either Palm Beach or New York" and as if the drumrolls were beckoning " and… you would have a hefty monthly allowance from Jeffrey's bank account" Astonished at their first offers I nearly took the bait. Then she continued to finish the terms of our pre-agreement with "But you would have to travel with the child where and when Jeffrey wanted you to be, and most importantly you would have to sign a contract stating that Jeffrey and you are not

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monogamous and that the child would belong in Jeffrey's custody in the event of a falling out between the two of you." She kind of threw that last one in there quickly, as if she could get away with me not hearing that I would basically have to relinquish the rights to my own flesh in blood and surrender them to a life of servitude and abuse with these people. My maternal alarm bells went off straight away and I already knew my answer. No way I could I do that to any poor baby, God only knew what these monsters had in store for me let alone a baby, but it was an instant reaction that saved me. " I don't know guy's, I mean I'm really young and never really even thought about having kids yet. Wow, I just don't know." I slicked my hand through my hair nervously and took in a silent breath. I had to go beyond what I was truly feeling and give them the feeling that I'd never let them down. Putting an eager smile on my face and sucking up my gut's intuition I told them "You know what, let me get my certificates in massage and have some time to prepare for this and get healthy then next year we'll all think about having a baby together." It was crazy to even hear me say out loud but from the expressions on their faces I had fulfilled their wishes.

Much reason to celebrate that night they were both in a cheery mood around the dinner table. Except for me who had taken double the dosage of Xanax to even cope with the high amounts of anxiety I had been suffering from since we got back from the dock. I wasn't sipping the champagne that night, I was gulping it and when their moods turned from cheery to raunchy later that evening it wasn't hard for me to comply. From the full effects of the state I was in I would've agreed to just about anything, allowing them to treat themselves to ravishing the tender parts of my body.

Over the next few weeks everything went on as it normally would, and not another mention of their proposal. My birthday was only a week away and I was turning nineteen that year. All I wanted was to get my certificates before I got any older and get trapped into this life for good. When my big day rolled around I was in New York with Jeffrey and Ghislane. Sitting on my bed listening to MTV's channel blare in the background of my room I was painting my toenails when I was suddenly buzzed on the intercom. It was Jeffrey calling himself to ask me to meet him in his office in ten minutes. Perfect timing to let my nails dry I thought to myself. Already contemplating his desire to come downstairs I knew it had something to do with my birthday present but I was more expecting the usual shopping money or piece of jewelry, definitely not what he had in store for me.

I knocked on the slightly ajar door to Jeffrey's office and heard him beckon me inside. "Hello, what cha up too?" I asked in a cutesy tone of voice. Walking over to his desk he looked up at me taking his reading

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glasses off while granting me a big smile. "Come over here and sit down with me" as he ushered me to come sit on his lap. Pulling me onto him he had a funny look on his face, like he had something really big to tell me and was letting the anticipation build in the thickness of the silence. "What???" I laughed at the way he was looking at me now. "First of all…Happy birthday today." Was only the beginning of his announcement and he proceeded to tell me "I know how much you have wanted this for so long and you are more than deserving of it. You are going away to Thailand to learn authentic Thai Massage and within eight weeks you'll receive a certificate for being a qualified Thai Massage Therapist." Astonished at his attempts to see me get what I wanted, not exactly the type of massage I was interested in but it was a start and a first certificate for me to acquire. My eyes lit up and I threw my arms around his neck, planting a big kiss on his lips, which I rarely ever did.

"Wow, I don't know what to say, this is beyond my wildest dreams…thank you so much!" I did well to let him know I appreciated his grandeur offer. He went on to give me the details of where I'd be staying, the school's schedules, and how much he loved Thai massage, apparently it was the next big thing to hit the shores of America. He had planned out an entire itinerary for me. I was to depart at the end of August and he had already enrolled me in a class at "ITM Massage School". I would only have a few days to settle in before I would be attending classes five days a week over eight hours a day. He even had an assignment for me to do while I was over there. I was to meet up with a girl who was also being put up at the "Princess Hotel" where I was staying. She had an Asian sounding name so I just assumed she was a local girl hoping for an opportunity of a lifetime, if she only knew what she would be getting herself into. If I decided that she met Jeffrey's particular quota of approval then she would be sent over to the U.S to meet with him or one of his esteemed colleagues. Besides the guilt of having to decide a stranger's uncertain fate, everything else sounded more than wonderful. Eight weeks gone from Jeffrey sounded like a lifetime away and I couldn't be more excited at this chance. It was the opportunity of my lifetime and I wasn't going to waste a second of it.

Ghislane came in a few minutes later and the look on her face told me she already knew. I got up from Jeffrey's lap and gave her a big hug and told her, "This is so nice of you guys, Thank you so much!" She didn't share my enthusiasm of excitement. In a dull tone she responded, "I didn't have a thing to do with it, it was all Jeffrey's idea but good-luck anyways." She gave me her best impression of being human for a brief second and hugged me back. It was just her way and I had come to accept it. Depending on the level of slander her insults provoked was just her way of telling you she cares without really ever showing it. Probably

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doesn't make sense to most sane people but after all of the time spent with them, I had gotten to understand a few of their quirky ways. Even if I didn't agree with them, they knew I would for their sake of opinion. What did it matter anyways I thought, I had been degraded in every other physical way what's the difference from taking their mental abuse too. Not the exact choice of employers I would've chosen over again if given the opportunity but here I was and doing my very best to excel at their demands.

I was sent home for a little over a week to pack for the long trip and make the rounds visiting my family before I left overseas on my first trip all by myself. It was great to see my family after such a long time away. My older brother and his wife even came down to visit for the well wishing of my departure. Everyone in my family seemed stoked at the prospects my long journey had led me down. Here I was jet setting around the world in my teens and getting paid to study the course of my dreams at a cost that I only knew I would have to pay. It was a wonderful get together with all of them around, a great way to remember them. If I'd only known it would be the last time I would see any of them I would've emphasized to my brothers how much I really loved them both and how much I would miss them in the decade to come! But I didn't know what my future held for me, I had nothing planned out I was just hoping for the right opportunities.

I also had a few good friends to catch up with before I went. Every night was another party and by the end of the week I had drunken enough to drown an Irishman on St. Patty's Day. I was given the lists to all of my friends email address and told to keep in touch. Yeah right I thought, I was going to be too busy having too much fun to be thinking about sitting on a computer emailing people, but I told them I would anyways. Save myself the point of having to explain that in many different ways to a group of already tipsy slurring teenagers. Out of everyone who was really happy for me, T.J wasn't. He hated the idea of me leaving him to have a non-stop party in Thailand without him. He was just starting to seem like he was coming good and I didn't like having to leave him at such a vulnerable state but in my young years I had already realized I needed to do some things for myself and this was one of them. There was still a huge amount of broken trust between us, trust that could probably never be rendered again so I thought I was being decent enough letting him stay at my apartment while I was gone, but he was not to drive my truck, at all. I paid too much money on insurance for that thing and knowing his driving record I didn't want the risk of something happening while I was gone for so long. He didn't agree with me at all, throwing a grown up tantrum all over my apartment. Hitting the walls and doors, shouting the entire complex down, there was nothing I could say or do at this point in

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time so I just put my dog on the lead and took her for a walk to calm down the situation and give me some time to be alone. Mary Jane was the only one I hated leaving behind. When we got back from the long walk she barricaded my suitcase while I was packing the horrendous amount of clothing that I always did. I was promising her I wouldn't be long and told her how much I loved her giving her a big hug. I choked back on the tears that were swelling up in my eyes, it was like she already knew the night before I flew out to New York that this would be my final trip.

There was a commercial flight booked for me in the morning and I needed the rest that night to fully recover from my binge of celebration drinking. T.J crept into bed later that night and tried to redeem his behavior with sweet nothings and dry humping my backside. It did nothing for me sexually. I didn't feel like that for him any longer and the sooner he realized that, the better he'd be off. I told him I wasn't up for it and he picked up a pillow and slammed the door behind him. It didn't matter I told myself, the next day I was off and wouldn't have to deal with him or anyone.

T.J caught a cab with me to MIA, the airport in Miami. He walked with me to the furthest point he was allowed to go by the security gates and as we stood in line together it was almost heartbreaking seeing him cry. I told him I'd try to call him everyday, attempting to give him optimistic ways to look at this time away from each other. In the end he had me crying and I had to give into my remaining feelings I had for him. One last kiss under the x-ray bridge and he vanished out of my sight as I furthered down the terminals long hall.

Chapter 20

It was only a short flight to New York and I just couldn't wait until next week when I'd be jetting of to an exotic destination all by my lonesome self. It was all I could think about talk about and dream about, finally my break. Ghislane did what she did best that week and prepped me for everything I could imagine under the sun. Do's and Don'ts, emergency numbers and western union locations were among some things on the list she gave me. Like I said, she showed her caring side in other ways. There was also the name of the girl I was supposed to be meeting, the room she was in and what dates she would be staying there.

When I got out of Ghislane's office I was instructed to meet Jeffrey in his office. She had to stay back for some paper work that she had to catch up on pronto. Making my way up the red and gold trimmed carpeted

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staircase I prepared myself for some major sucking up before I left, he would be expecting it for his recent generosity, or so I had thought. Opening those familiar heavy doors the first thing I saw was an unfamiliar face standing over Jeffrey's shoulder.

She was a tall girl with blonde hair twisted up in a professional looking knot. Her big smile was flashing at him with hints of her cheekiness to come and she was dressed to kill with a short tight grey skirt and a matching suit jacket over her white buttoned down blouse, revealing her voluptuous ample cleavage. She looked like the old college professor's wet dream. When she introduced herself to me, a thick Czech accent presented itself. Her name was Nadia Marcinkova and Jeffrey looked just about as smitten as a victim of a love struck arrow from no one but the cupids themselves. Jeffrey further introduced her as his new assistant and masseuse while I would be away, barely taking his eyes off her for one second. It was a bit of a blow to take, being so easily replaced but also a part of me already knew this was expected off someone like him. Good for him I thought to myself, why should I have bitterness over someone I never had intimate feelings for and knew had never really cared for me in the first place. Kissing her on the cheeks and telling her my name, I was doing my best to grin and bear it. We hugged for a brief show of uniformity but it was just that, a show for Jeffrey to see. When he was away for the moment or she wasn't busy hanging off his every word, the way we all started out, she would snub me off to only head off in another direction. A real bitch if anyone was to ask me but no one would anyways it wasn't my job to like her.

Over the next course of days it was my task to show her some of my techniques in massaging Jeffrey and the erotic side of finishing it off. Nadia despised me even more when Jeffrey told her to follow my lead during the massage as she tried to take over and do her own thing a few times. To me it was quite funny her competitive side, I had nothing more to prove so watching her put on an act of seduction and scream out her every body function during a faked orgasm was nothing but entertaining in my eyes. After a few sessions together it was my time to be off on another adventure far, far away from here or from the chains that I wore for way too long. Jeffrey had someone else to fit the chains that kept me so close to him. Even though she wasn't the nicest of girls I still couldn't help but feel sorry for her. No girl should belong to someone out of servitude, but unfortunately it is the way our civilization has been for many centuries before us and I don't see changing any time soon or as long as perverts like Jeffrey are allowed to walk around freely and procure our daughters off the streets all because he's got a lot of money to pay many, many, many people off.

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Throw out your confetti because here I come Chang-Mai!! My celebrations started the second I landed, it didn't take me long to make myself aquatinted with a few fellow travelers and find the hot spots of the hustling city. It was like nowhere I had ever been before. The streets were lined with stalls offering an assortment of souvenirs, clothing, and knick-knacks. Everyone lived so freely and was in such great spirits. The parties raged on until the wee hours of the morning and people became best friends over night. From the second I got there I knew Thailand was going to be a lot of fun and I was right! Popping bottles of champagne, dancing all night to the beat of every club's rhythm's along my way and carrying on like it was my birthday…every night was a repetition I could definitely get used too. During the day I was a real good girl, the teachers pet even. Showing the credibility of my experience in massage from over the last few years and already ahead of the class the teacher was using me to help instruct the others with demonstrations. Mostly in a class full of males it wasn't a surprise that I made friends with quite a few of them, some of them with ulterior motives, but for the most part the sleazebags were none of my concern, I had already dealt with a lifetime of them to be able to spot one out and steer clear of his approaches. Out of the entire class I had made friends with only one girl from Wisconsin. She was a plain looking girl with big brown puppy dog eyes and a long drawn out accent. Her first time leaving the States or Wisconsin itself for that matter so it was easy to acknowledge that she was a little taken aback by all of the bustling city life so becoming her friend felt like I was doing a good deed showing her around the hot spots of the Chaing-Mai nightlife. Eventually I even ended up inviting her to stay with me at my hotel. She was running out of money to party every night then pay for school on top of her accommodation, it was all becoming too much out of her small budget. So I thought about it and offered her a bed in my room, I had two of them anyways. Plus she was a really nice girl and if I could help make her first time out of the country an unforgettable experience then I was also gaining something from it as well.

The first month in quickly passed me by. Having such an incredible time on my own and putting my heart into learning Thai Massage it seemed to just fly past. Routinely I had to call in and check in with Jeffrey and Ghislane letting them know my whereabouts and progression in class. Counting down the time left until my course finished Jeffrey was anticipating my departure back to New York. "I can't wait to get my first Thai massage from you. I've got you booked to come straight back to New York for my first one as soon as your course finishes next month." His eagerness put a twisted familiar knot in my stomach. Reminding me of the dream I have to awake from soon and the reality of the certain homecoming I would be arriving to. " It's such a great course, thank you

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so much for sending me here to learn this. You are going to love my new area of expertise! I am having such an amazing time over here!!" I had to let him know how much I appreciated what he had done for me and he loved the head swell that it would make him feel as well. Hating the thought of going back to him, I wasn't going to let that put a damper on my spirits while I was still out there. It was my time to party harder than ever before. Every night was a new adventure for me. Chang-Mai was a maze of places to get lost in and the vibrant city was my playground. The way I saw it this was my last chance to get out and break free, letting loose my inner girl it felt so good to take the lead of my own life.

Chapter 21

It was an average evening getting ready in front of the bathroom mirror on just an average Sunday, though unbeknownst to us girls as we sat there chatting away carelessly, this night was already written in the stars for me. It was a very long time ago now when I was still a young child that I sat looking up to those same stars from my bedroom window with my hands pressed tightly together as I cried for God to hear my prayers. All I asked him for was death. My precious life was already such a hopeless battle that I felt too small to fight alone for. Begging him to deliver me from this cruel world I would pray for all of my pain would to away for good. My only clause in my prayers was the possibility that there was somebody in this wide world that I was meant to love, something much bigger than I could have even imagined yet. This invocation of mine was forgotten about long ago now, until tonight.

I wish I had known that night I sat crying beneath the stars that it would all be different one day and that I hadn't sold myself short to the accustomed lifestyle I was brought up to believing was acceptable. It was this night my very soul was about to cosmically collide with the man I was always meant for, the man my heart already belonged to and would know from the instant we met. This night would be the first day to the beginning of my new life to come.

I blushed my cheeks and put on my mascara before me and my girlfriend headed out to hit the town. We were dressed to kill and looking for something to do when we ran into a few of our class mates at one of our favorite drinking spots. They were meeting up for some drinks before a Muay-Thai kickboxing tournament. It sounded like fun when they invited us along to watch it with them. The massive crowd lined the street where the fight was being held and once I got inside the arena it was push

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and shove to try to find a spot to watch from. The friends that we were hanging out with were meeting up with another group of guys that were training for the kickboxing tournaments that we were watching. Then it happened it was the first moment I laid eyes on the man that would love me for the rest of my life. I wasn't expecting the most amazing time of my life to happen right there and then but it did and I would never be the same again. Destiny fell right smack into my lap and there was no stopping it! It wasn't just his smoldering appeal that was obvious at first sight it was the entire package of mannerism and chivalry that made him stand out of the crowd. Stepping right out of the pages of the fairytales I used to read, he was nothing like I had ever come to know before.

Watching him from a close distance he was playfully shadow boxing one of the guys from my massage class and it was at that moment that this handsome stranger first caught me staring at him. From top to toe this athletically built man was intriguing to watch, I couldn't take my eyes off him like I was magnetically drawn to his power of attraction. He further interested me when he wasn't acting like the majority of harping dogs that would jump at the eyes I was giving him now. Instead he coyly played hard to get, making me work for any conversation with him. The fight started and the men were going bezerk, screaming at the fighters in the ring offering either fighter their support or discrimination depending on whom they were batting for. It was like watching a primitive scene out of the days when the cavemen ruled the earth but it was as equally alluring to watch unfold, the sweat, the blood and the absolute brut fascination of it all.

After the fight and all of the men revved up from the fight, I suggested that we all head to the pizza joint in front of the Princess Hotel where I was staying for a late night snack. I made it my goal to make myself known to this appealing stranger. In the tuk-tuk on the way there I made sure I sat next to Robbie. Scooting my knees closer and closer to him on the short ride he continued his chase by moving further away from me, a game of cat and mouse that I loved. When he answered back the array of my questions he had the cutest Aussie accent that drove me absolutely wild.

Gradually we got to know each other better over a pie of peperoni pizza and two can's of coke. Too me he might as well have been the only other person in the restaurant, he knew he had my undivided attention and I think he liked it. There was no one like him that I had ever met before and I knew there was no other who could make me feel the way that I felt at the first sight of him. Being charming and suave was all an accidental front. It was easy to read him. Immediately it wasn't hard to see his sweet side, holding the door and pulling out my chair at the restaurant, I was

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already smitten. After pizza he walked me across the street to my hotel where we made plans to meet up again. There was no kiss goodnight or anything like that. No, he was too polite for that, he wanted to prove himself different and different he was. Walking through the hotel's revolving doors I watched as he walked away and when he was finally out of sight, I sung my way up to my room. Floating on cloud nine I was free falling into a deep pit of love.

The next day I attended my class as usual but not able to concentrate like I normally did. too excited about when I'd be seeing Robbie that night again. As I walked out of class that afternoon even the teacher noticed a difference in my performance and asked me if I was feeling well, "On top of the world actually" I smiled back at the old instructor and it wasn't far from the exact truth either. I hadn't ever felt the churning of butterflies in my stomach and the constant thoughts of anyone else like this before. My girlfriend and I got a tuk-tuk back together as we usually did after school and I couldn't shut up about the night before. She was laughing at my girlishness telling me that anyone who just met me would think I had never been let out before, but little did she know that I had more than my fair share in experience with men and never had I ever come across anyone that could make me feel this way, and what spun me out even more was that it was such an instant attraction. Never considering myself a person who believed in the existence of "Love at first sight", but a true romantic deep at heart, I couldn't help but believe in it now. He is my walking proof of it!

Waiting for me in the hotel lobby was the very person I couldn't stop entertaining the thought of all day long, there he was looking ever so fine standing in front of me now. The whole entire world faded away and all that was left for the moment was this complete stranger I had only met last night but somehow captivated the very essence of my very heart. There was no need for me to try and act cool now. He already knew I was snagged hook, line and sinker. Smiling all the way up the many stories in the elevator up to my room he took notice of the posh décor of the hotel. "You should see where I'm staying, this is a royal palace compared to it" His first impression of me he automatically thought I was going to be a spoiled high-maintenance girl that had money coming in from a parents hefty trust fund. Casually he got to find out through many deep and meaningful conversations that my life's grim story wasn't that pretty at all. For some reason beyond my knowledge I had the need to tell this stranger almost everything.

Wanting to be judged and looked down upon for everything about my life that I knew was wrong and being the first time I had spoken about my years with Jeffrey to anyone honestly like that ever before, I had felt like I had deserved punishment. He offered me no judgment, instead only

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gave me his warmth and compassion as he wrapped his strong arms around me, making me feel so meager and small but so safe at the same time. Encouraging me to see the worthiness of myself and leave that life behind, he adorned me with a kind love that I wasn't accustomed too.

He took me in and made me feel so at home. It was like I had known him my whole life. I couldn't bear to be without him another second while I was away on this dream holiday. When he wasn't training for Muay-Thai tournaments and I wasn't in school, nobody would ever see us. Too enveloped in each other in my hotel room to care about anything else. Which is why I asked him to come stay at my hotel with me, seeing he was never at his own anyways. My girlfriend was soon departing back to Wisconsin, making my room more than available for him. Enchanted by his words and tender touch, the way he made love to me was again like nothing I had experienced before. Even down to after sex as I had been routinely instructed by Jeffrey to get up for a warm washcloth to clean his genitals afterwards, he refused it, telling me I was no longer a slave and that he didn't want me acting like one. He'd just rather lay down together afterwards and repeat our sweet nothings with many adjoining kisses.

On our third night together with nothing but the bed sheets between us, we had spent all night looking into each other's eyes sharing such an undeniable passion for one another. In the deepest caverns of my heart I knew this man would give me what I had never experienced before…True love. We were still laying in each others arms when the orange and pink sunrise began to rise slowly through the peak's of my rooms windows, enticing me to come feel the freshness of the morning's chill. Only the bed sheets were still wrapped around my body as I went the balcony. It was overlooking the city in a valley surrounded by mountainous tops. My thoughts began to rampage through my head and I knew this could only be a dream for me. It was getting serious now, too serious for the life that I led back home. As if he sensed my anxiety Robbie walked up behind me and wrapped his strong arms around my waistline, gently kissing my neckline and pausing with his ever so thoughtful stares and gave me the exact opening that I needed to expel my thoughts. "Back home, as you already know, I am going back to someone else, it's my job, and as much as I really like you, this guy that I kind of see is going to expect me to be putting him first, I am so sorry to say all of this after such a wonderful few days we have spent together, but you need to know this thing happening between us can't get anymore serious than what we have for now. I am so sorry" I looked down to the floor with nothing else I could say to alter his perception of me now that I had told him the truth and it never dawned on me that thought he wouldn't be out the door before I could even finish my sentence but he

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continued to surprise me with his efforts to make me believe we were more than just friends with a summer crush. " You see… your problem is that you don't see what I am looking at right here in front of me, a beautiful girl who is completely lost in a game that she has no control over. Get out of it now, take my hand and follow me back to my home in Australia." I heard what he had said but I found it hard to comprehend what he was actually talking about. "What?" I asked him with a look of confusion on my face. "Your nobody's property, you can do this. Marry me." His statements got more and more profound as he went on. Repeating the question he got on one knee and proposed again " Jenna, I am in love with you and want to spend the rest of my life making you happy. Please don't go back to him. I know that I am the only one for you and I will always treat you right. He paused for another second and repeated his question "Jenna, will you please marry me?" My hands fell into my face after that and without even letting myself think through the answer, I let my heart do all of the talking. Looking back up at him I said "Yes!" I almost shouted the answer at him, as if saying it louder would give the word more meaning. Wanting to believe him and everything that he was saying felt like a vacation from all of the suffering and loneliness that I had endured over a lifetime of abuse and degradation but knowing what you want and getting it are two different things that rarely went hand in hand…or so I thought. All I knew from the brief period I had known this stranger was that he was offering me a life and love down an unfamiliar path and it was a gamble to believe a complete stranger but somehow I knew he was right. My heart was beating so loud I thought it was going to jump right out of my chest. With the earnestly in my reply he picked me up in his strong arms and took me back to the bed and reiterated his words in a more physical sense this time. Never had I felt loved like this before, so swept off my feet and unable to even think, eat, or do anything for that matter which would involve leaving the hotel room without him.

Everyday after school would be my Robbie waiting to take me back to the hotel room for another night's passionate rendezvous, but a few nights after his proposal, he had another surprise in store. He didn't just want to get married someday. He wanted to get married now, this week even. I walked into the fabric store and was attended too by several seamstresses who were already be expecting my arrival. I was there to design and have fun designing my own dream wedding dress. While I was busy picking out fabrics and having measurements taken I would look away for a moment only to catch his tender eyes staring in my direction. Such adoration behind his looks…could it be real? I would often ponder it to myself just hoping for the gamble I was taking to work

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out. I still had to believe in something better than what I was accustomed too and here he was right smack dab in front of me.

Giggling at all of the lace and frills they were trying to dress me up in, looking more like an antique porcelain doll than anything else I closed my eyes and pictured the day that I thought would never come, starting to imagine the kind of dress I would like to wear I envisioned a simple sleekness, a complimentary figure hugging gown with a small train but long enough to distinct it as an actual wedding dress. After we settled on what we were going to wear for the big day, we would next have to decide where we would hold the ceremony. Not before celebrating the entire week beforehand though. We started our honeymoon early celebrating every night spending our time between my hotel room and sending our heads spinning on the dance floor at many different clubs. Only with each other in sight, the dance floor was ours, we were out to give each other something to remember each night by. I whispered all of the things I couldn't wait to do him once we got back to the hotel room and watching him heat up on the dance floor I was never able to get enough of him driving me crazy. Like a thirst I was unable to quench, his lips were like a fountain of deep springs that I could never reach the bottom of.

Seven days, exactly a week after his proposal I sat on my bed in distress, contemplating what I would say to the man who I was about to call. There was no nice way to go about it. I couldn't last forever with him and this was my one chance to get out of it for good. I was leaving him, never to return to him ever again. I just had to go ahead and do it. Part of me was hoping he'd be at least a little happy for me and the sudden change in my life's direction but the other part of me knew I was already asking too much of him.

Calling his office in New York I was transferred to Jeffrey's personal office. He picked up the phone on the third ring, pausing before I could get any of the words to come out of my mouth but I mustered up my courage eventually and gave him my prepared spiel. Beginning with how much I had appreciated everything he has done for me up until this point. I hoped he would be understanding but he just wanted me to hurry up and get to the point. Trying to contagiously pass on my excitement through the phone lines, I finally screamed out "I'm getting married! Can you believe it?" No reply was given only a silence on the other end. Trying to make some conversation ridding the uncomfortable silence, I went on to tell him about Robbie and how I had fallen madly in love with him over the last amazing few days we'd spent together. The absence of sound made my thoughts begin to run wild and to get some response I had to ask him what he thought about everything I was telling him. Finally a few seconds later his reaction to the news sunk in and his only and final reply

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until many years to come was " Have a good life!" With that statement he slammed down phone receiver. Leaving only an echo of the dial tone to answer back too. I was to paralyzed from the shocking response. "What have I just done?" was the first thing that entered my thoughts. Overwhelmed with guilt I felt like I was falling down a deep and dark hole and then the tears began to flood in. Here I was standing at the dawn of a new happy life for myself and I couldn't see past how bad I had let Jeffrey down not yet seeing the hold he had on me.

Like my knight on a white horse, in came my hero to soothe my sorrowness. He rushed over to the bed where I was beating myself up mentally and wiped the falling tears from my cheeks. "I take it that it didn't go so well…huh?" Sniffling through my sobs I managed to tell him that "It doesn't matter anymore all I care about is you and leaving all of that life behind me!" I wrapped my arms around him and he asked me in a half joking voice "Then why are you crying?" He got me almost laughing now too "I guess it's just so scary taking such a huge plunge away from what I'm used too and taking such a big move to another country. It's just all so different and I'm just trying to comprehend everything that is happening in such a short time." Always out to lift my spirits his next comments made me gush in laughter "You think that was a hard phone call wait until I call my Sicilian mother! Watch this, I know exactly what she'll say. First it'll be a saga about how I'm killing her with my selfish actions then it'll be about how she's going to kill herself for doing such a terrible job raising normal children. Don't worry though, she'll love every second of it. Wogs thrive off of the drama in their lives and off everybody else's for that matter!!" He was pretty much on the dot when he told me how she'd react to the news. In the end after relentlessly trying to change his mind, she sighed, "If it was going to be anybody to do something as crazy as this, Robbie, it would be you!" It wasn't a blessing as such but at least she wasn't threatening suicide any longer.

Calling the closest of our families the night before our wedding to share with them our announcement wasn't celebrated by any members of either sides but that didn't discern us one bit. My parents took it well, considering their only daughter was marrying a foreign man that they didn't know from the next guy on the street and too top it off I was moving to Australia, permanently. When I asked my Dad many years later why they hadn't put up a fight, he just simply replied that nobody expected it too last very long. Fair enough, I thought. I don't think anyone did at first…even us at our toughest times. We were a rare attribute these days in the numb era we have all been accustomed to living in, turning nothing into something, which I had also come to realize, was the most precious gift in life…Love.

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Falling asleep was easy to do in his arms that night. I laid my head on top of his chest listening to the drum of his beating heart. I had never felt like I was more at home than ever before in my life. He pulled me gently in closer to him, letting me know that he was there for me even when the lights went out and the thoughts would usually creep in. Amazing how he knew what I needed without even asking for it. Wishing for something like this my whole life I thought I was being such a fool in so many ways, but I was so wrong. The way his pretty eyes looked at me with such an understanding and compassionate sincerity made me want to trust his words and believe the love that he was offering me was indeed real.

The next morning, Robbie was up and out of bed early to pick up our tailored wedding suits and dresses for our big day at Doi Cept Temple. His best friend from high school days that was travelling with him from Australia met him in the hotel lobby at seven o'clock. He was going to be joining us for the wedding as Robbie's best man. He still hadn't been able to find black shoes to go with the suit, so after he dropped off my dress back to me he was off again to try and find himself a pair of decent looking ones. Overjoyed with excitement I was thrilled from the second I kissed Robbie good-bye for the last time before we were officially married. Looking in the same mirror only a week ago I was now a different person, I felt like I was plunging into a bottomless abyss. Here I go, I thought to myself as I plunged out the door letting the butterflies in my stomach carry me all the way to my nearly husband.

I had to go to the beauticians that morning for my pre- wedding makeup and dressing. The ladies who were doing my hair and face at the salon did a great job making me feel so beautiful for my special occasion that every girl dreams about their whole entire life. Requesting simplicity at best, not wanting to go overboard with all of the wedding apparel they tied my long hair up into a knot wrapping around it a veil of flowers made up of baby's breath and small yellow and purple budding flowers. I couldn't have dreamt it up better myself and when I met my husband to be at the bottom of the mountain he stood before me speechless "You look so…beautiful!" were his first words that his mouth formed almost whispering them. He took my hand and we walked into the sky lift together. Behind us followed an interpreter that Robbie hired to translate the Buddhist Monks ceremony speech for us English only speakers and then his best friend, who only moments before gave him the best mans speech about being the last chance to walk away from this and not get married to a girl he hardly knew, but my Robbie wouldn't hear a word of it. He already made up his mind the instant he proposed and I said yes, "I was born to be with this girl," he told his best mate. "Alright then lets go do this then!" Once he knew Robbie was sure in his decision he was more than ecstatic for him. We were slowly lifted up the tremendous mountainside,

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surrounded by the floral green carpet of mossy grass that covered the earthly skyscraper and falling fog, it was like being carried to heaven or the closest thing to it! Taking my eyes off the scenery and catching him adoringly staring at me again, I welled up with unstoppable tears. "I am so lucky, is this really happening?" He squeezed my hands and replied back "You're the only one for me…I love you!" relieving the anxiety written all over my tear stained face.

Chapter 22

Getting out of the carriage we were greeted by good fortune from the Gods above. A sun shower cascaded over us at we advanced into the ancient holy temple. My tears of joy dried and my happiness was glowing for all to see. The many visitors to the temple stopped and took photos of the passing bride and groom, no other foreigners had ever been married there and certainly anyone wearing traditional western wedding attire, such a sight had never been seen behind these religious walls, we became a permanent icon at the temple. The ceremony was done in the Buddhist customs according to their ancestral accordance, and translated for us in our own language. Both Robbie and I were anointed with a blessing from the monk with a splash of water and seven sacramental bracelets, each one representing another meaning to the longevity of our union together. We signed our names in the Buddhist wedding registry of Doi Cept Temple and officially became Mr. & Mrs. Roberts at least officially in our hearts knowing the laws of Australia only recognize certified weddings, meaning when we got back to his homeland we'd have to make a run for the courthouse. This was our real wedding though, perfect down to every detail. Walking up to the highest point of the temple to the balcony hanging over the edge of a cliff side over looking the city of Chang-Mai, we knew we had found the perfect spot to recite our vows of love to each other. Providing everything for me and more than I could ever ask for, his vows were to love me unconditionally until death do we part, shelter me from all the cruelty in the world that I was so accustomed too and to be like the bear, because the bear never forgets. Tears once again streamed down from my eyes as he made this moment unforgettable. Wiping the mascara fading underneath my eyelids whilst giggling at my embarrassment I took his hands back into mine again and gave him the vows that were the sacred prepared words from my heart. My ears were thundering the sound of a million horses hoofs descending downhill and my heart was beating so fast my words barely trembled out of my mouth when I began to tell him how much he had changed my

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whole life around and how I would dedicate my entire being to loving him and only him until I blew my final breath.

I meant every word that I said to him, this was it for me, wanting nothing more out of life than to be with someone like him to raise a few kids together and grow old on the front porch letting the days fade us by. I know it probably sounds boring to most and it would've to me as well many years ago but after the life I had led, I had enough experience in the real world for my liking and now all I want to do is to enjoy the remaining days of my life for what it is…a simple and satisfying existence. Our day was so special but not only to us, even too the Monk that married us. Upon our descent down the lifts he asked if he could take a photo with the bride and groom in front of their symbolic liberty bell signifying the union between east and west. It represented a lot for us too, it was the commencement of a new life together and just the beginning of battling each other's past demons together.

Kissing the bridal party goodbye, who were just the local girls I had met on some of our many nights out of having fun. I threw my arranged bouquet of Thailand's white wedding floras mixed with colorful orchids to the screaming Thai women behind me and we were given one last tradition to take with us, the release of caged doves. It was such an incredible gesture, especially for me. Symbolizing their freedom as well as mine I opened the cage's door to let them free to decide our own fates. As the wings on the birds began to spread open and they took their final decent into the blue skies granting themselves freedom I knew mine had finally come too. The relevance of watching them fly away and how I had perceived my own day of marriage related to the identical feeling of fleeing an entrapment of my own kind. I was liberated from the bounds of slavery I had come to know over the many years I had spent with my fair share of greedy perverted old men only to have serendipity mend my scars with the powerful healing of what true love has to endeavor on.

As customary in the romance novels I had read as a young girl he picked me up in the hallway before our hotel suite and carried me over the threshold, poufy dress and all. My arms were tightly squeezed around his neck never once taking my eyes off of him until he revealed yet another sweet surprise. Besides the cleaners tiding up my room while we were gone they were also given instructions by none other than the groom himself to pick the petals off the stems of red roses to place on our bed in the shape of a giant heart. The rose petals led the way to where we consummated our love physically and it was undeniably the first time in my life I had really ever been made love too. Hours had passed by before we thought about anything else besides one another's words of arousal, tantalizing touches, and lingering kisses. We ate a quiet dinner at a local restaurant and went straight back to the arms of each other again, so

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profoundly in love with one another it was the ideal display of what the "honeymoon period" should have to show for. It was crazy, young and energetic, just what it should be between two blossoming lovers.

The following morning we left the Princess Hotel, no longer under any of Jeffrey's financial privileges or control so to speak, continuing our love spree in another dwelling of our own accord. Three days later when we finally showed our face for the first time since checking in downstairs in the new hotel lobby, besides to request fresh sheets and towels, the entire staff of the hotel had a good laugh at our expenditure, from their reaction it must've been nice to see a couple so affectionately fond of each other.

Now we wanted to have another type of fun, Robbie had visited a tourist agent by himself before we got hitched to book a honeymoon itinerary for us to explore Thailand and beyond together, another surprise he had in store for me. We left early in the morning and joined the crowded bus for our journey beyond the border of Thailand to a village in the war torn nation of Laos. When we got through the extremely armored visa office eight hours off the beaten path, we then had to cross a flooding river from a recent heavy downpour of rain in a slim banana boat that looked like it could barely handle our weight let alone the excess of my luggage that Robbie was so kind to trek around the world for me.

Unbelievably we did make it to the other side only to find that my honeymoon in the tropics wasn't exactly how it had been explained to me. Naked children ran through the dirty streets, with one boy that decided to release his bladder on the pathway where we were walking as we passed by him on the way to our hotel. My doubts of his choice in destinations became apparent after that sight. Robbie was getting hungry after we hadn't eaten the entire duration of the trip and being such a rugged man he could digest just about anything. Deciding to stop on the side of the road he ordered some kind of seafood dish…daring I thought, settling for some toast and jam, something safer I thought. Then I saw the lady behind the counter dip some plates in a dirty bucket full of dirty water and then rinse in another bucket of water that didn't look as bad as the previous mud drenched one and then further proceeded to put my toast and his food on top of them serving it to us all in a clear view. I just couldn't bring myself to even fathom it "I can't eat that!" I mouthed in a hushed voice trying to quietly make my point clear but was made public with his loud mouth outburst of "Why not? Looks fine to me. You have to try and eat something, you haven't eaten all day!" I know it was just his caring side that was trying to force me and to top it off he is Sicilian and they're all about eating so it was our first debate and now we were officially married with many more marital conflicts to subsequently follow. Two head strong and stubborn people both with the right

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intentions but still recovering from old wounds. It was only natural and important that we fought just as much as we made passionate love together. Countlessly proving to one another the true intentions of each other loves but sometimes in not so seemingly actions.

Finally arriving at the hotel it was like a scene out of a horror flick. We were showed up to the room that looked like someone had been brutally killed in. The bed sheets were torn apart and the bed was stained with blood from some poor helpless victim. Nearly vomiting at the pure sight of the room and the stench that accompanied it, I was now tearing at the thought of even staying here for a single moment longer. "No way!" I told my new husband and from the tone in my voice he knew I was serious. Not that I was not denying the fact I have never been an outback type of girl. I was fine with that impression, I am no snob but give me the simple luxuries of a clean bed and a shower then I'll make myself at home, but this was just the epitome of filth and even possibly an act of a horrendous event but who knows, the lady who showed us to the room seemed fine with it passing it off as a hooker on her period. In some ways that was even worse…"Yuk…Okay Robbie it's time to go…now!" we were heading back down hill back to the passport center declaring our passage back into Thailand. Considering us a risk due to the short time we spent crossing the border and back, the officials held us at gunpoint while others rummaged through our luggage for drugs or whatnot. Finding nothing of course they released us and stamped our passports, making us good for another three months if we wanted. We were thankful for escaping with our lives alone, although we had nothing to hide but still an endearing experience nonetheless in the first days of our honeymoon of all days.

Chapter 23

Arriving in Koh Samui for finally a bit of relaxation in the tropics, it was my idea of how a holiday should be, sunny warm, and clean… well, clean enough. We lived it up like kings for the next six weeks. Making it an ideal way for two strangers to properly get acquainted. Dancing into the wee hours of the night and making love in the blistering heat of the sunny days we discovered everything on that island… mostly being each other. We made friends of all sorts, mostly travelers, but everyone the same in being taken aback by our fairytale romance. With our captivated eyes never straying too far from one another anyone could easily see the strong chemistry between us.

Trying to find the woman in me wasn't difficult, as I took to the bounds of marriage with such ease, no longer a girl I loved the idea of being a

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wife and belonging to a husband like Robbie. Marriage was bliss for the duration of our honeymoon until we had to ride coach on our way to Bangkok Airport to fly out to Australia. Chatting away with always so much to say to each other we watched a movie and finally got comfortable leaning up against each other as pillows. We both fell asleep on the long ride and when we woke up to the sound of the buses brakes coming to a halt we initially realized my purse and Robbie's wallet with all of our money and cards in it was missing. Stranded in the city of Bangkok was frightening enough as it was but too make matters worse a lady looking in her mid-seventies, scrawny and hunched over from an obvious lack of nutrition lifted up her skirt to a passer-byer with a she-male hanging off his arm and began smacking her vagina blaring out "Look! No cock…Pussy, pussy! Only five baht" repeating herself many times over the man just walked on past as she sat back down on the curb waiting for the next alluring customer. Robbie and I shook our heads in disgust and disbelief, things could really be that bad for someone, I would know best as it wasn't far off the life Jeffrey had been training me up for.

Completely broke at two o'clock in the morning and with no one to call for help, I panicked right away. Robbie rubbed my back and his tired eyes trying to make the situation better. Luckily we had made friends with some really nice people from the resort on the island who gave us about two thousand baht when they saw how devastated Robbie and I were. With just enough money to rent a really cheap room for the night at a backpackers hostel and pay for a taxi to the airport the following day, we were saved.

Early the next morning we were off in separate planes, since Robbie's ticket was pre-booked and no available seats left for me to join him meant we would be landing in Australia separately. Fortunately we had found a corresponding flight that arrived within the same hour of each other but I would have to make a stop over to the Philippines. The lengthy hours of the duration on the flight seemed to stretch on with only the thoughts of the journey ahead of me I couldn't wait to get back to my husbands loving arms. The trip was going well, sleeping the majority of the flight until I had to change planes in the Philippines.

After the plane landed and before any passenger was allowed to get off we were handed a declaration statement that informed us that if we were carrying any drugs or weaponry, we would be arrested and face charges with death as the ultimate penalty. Not that I had anything to worry about, but what a thought to willingly sign over your life. I got the chills handing over my signed declaration and traveling documents to the customs officer. Obtaining my passport he additionally asked to see my departing ticket. No problem I thought, just I had done many of times, and I handed over the requested information. The officer looked me over

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and got on the phone immediately which sounded like a phone call to his superiors but I couldn't tell since it was in another language. A brief conversation but long enough to get me thinking, he then called over two guards who took me by the arms and brought me into an empty room but for a desk and three chairs to be interrogated. No one would tell me what was going on they all just scattered around in frenzy, ignoring all of my hysterical inquisitions. Leaving me by myself and alone with my thoughts I couldn't help but panic even worse now.

This was a total bombshell of confusion on my part, what had I done wrong? Minute's later a large-framed women in a green uniform entered the room with the guards from before and sat down across from me with a stern look in her eyes. She placed my documents on the desk in between us. Not saying a word to me she was waiting for me to give her an explanation for something. "Can you please tell me what this is about, have I done something wrong?" I asked her politely, trying to restraint any animosity towards her. Her reply sounded as grim as she looked. "You have been in Thailand for three months and now you have only a one way ticket booked to Australia with no visa. What exactly are your plans once you get there, Ms. Roberts?" To myself I wondered what business it was to her, don't people travel with one-way tickets all the time? Knowing I was in no position to be able to say anything like that or even at all I just gave in nicely and told her my intentions to travel over there. Crying through my entire explanation I wasn't sure if I was going to even make my flight now. She had to think about everything I had told her for a moment, deciding whether or not she would grant me permission to meet my husband in Australia or send me back alone to Bangkok. With only time on my side she had to make a hasty verdict now. One more question had to be answered before I was let go, she wanted some proof. " If you have just got married can you show me your marriage certificate then?" This didn't help my stories credibility at all seeing that we were married in a Buddhist temple and given woven bracelets instead of certificates. Explaining to her that I didn't have one to show her yet but was already aware that I would have to obtain a legal marriage certificate through a courthouse upon my arrival in Australia to stay there legally, it was only because of my husbands beliefs we wanted to get married in a Buddhist ceremony. She must have shared a common interest in religion or something like that as she finally cracked a smile upon the photos of the wedding day that I showed her and carrying in my purse since getting them developed, if she wanted proof, well this is all I really had.

Handing me back my documents and ticket I was now free to leave but she wasn't leaving me much time to run through the airports terminal to get to my departing plane. Expeditiously bolting through the busy airport

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my adrenaline was still pumping from the previous encounter with the officials of the Philippines who had enough power to condemn me if they had felt like it. I caught my plane in the knick of time and once I was settled in my seat my thoughts went back to my dear Robbie and how much I was missing him. I was just relieved that I was on my way to be back with him again soon.

Looking out the window I could see the red earth beneath me. As I landed for the last time I took notice of the first steps I walked off the plane and onto a new soil for the first time. I had so much to be looking forward too in my new homeland. In my heart I knew this was all I ever wanted, this was going to be my haven. There was another surprise in store for me when two older strangers walked up to me and asked my name. "Are you Jenna?" Nodding at their question they gave me their first names and wrapped their arms around my neck. My new mother-in law then said, " We are Robbie's parents. We wanted to be the first ones who welcomed you to Australia and into our family" It was my in-laws meeting me for the first time. Handing me some balloons and flowers they even had gifts for their new daughter-in law. While waiting for Robbie's plane to arrive we all chatted about many things like the flight over from Thailand and the scare at the previous airport in the Philippines. I asked them how they knew whom to look for? My father in law laughed, saying recognizing me was easy from Robbie's detailed description. He told them to look out for a petite, young blonde carrying an abundance of luggage. Laughing together over a few more brief conversations of getting to know each other better they seemed relieved to finally meet me compared how stressed she sounded in the conversations I overheard Robbie having with her while in Thailand.

Watching the arrivals board I knew Robbie's plane had landed ages ago but was just waiting for him to get out of customs. It didn't bother me anyhow, I was enjoying get accompanied with his parents for the first time. Eventually I saw my husband walking down the runway behind the gates, I just couldn't wait a second longer. I ducked underneath the gates and ran all the way up the runway to jump excitedly into his arms. I wrapped my arms and legs around him holding onto him for dear life. I just missed him so much I knew I would never let him go, theoretically speaking that is, and I never have nearly a decade later.

Chapter 24

Over the near decade we spent together, Robbie and I have shared the common highs and lows that every determined marriage endures. It has

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taken a lot of hard work and doesn't come without its flaws but no matter what it is just perfect for the two of us. He helped me how to remember to smile again and life has slowly began to sort itself out. They say that time heals all wounds but what I had experienced in my young years wasn't nearly long enough to let all of the hurt go. Seeking help through many counselors and psychiatrists I was doing everything I could do to deal with the scars and all of the pain left behind. Completely off of any pharmaceuticals, since the last day of our honeymoon, and healing my heart with love instead of hate our marriage is my foundation and Robbie is my solid rock. We have to be for one another, putting the bonds of our union through the wringers and back, as neither of us expected my past life eventually to come back and haunt me after so long.

Our blissful life came to a sudden halt one day when we were out visiting my in-laws at their nearby house on just another plain afternoon. There was a knock on the front door and my father in law got up from watching TV on the couch to answer it. He rushed back quickly coming into the dining room, where I was feeding my nineteen months and five month old boys at the table, and he blurted out, "Jenna there are three police officer's at the door asking for you by the name of Virginia Roberts!" I asked my mother in law to stay with the babies to find out what this was all about. I didn't even think it had anything to do with Jeffrey at first and wasn't even worried when I opened the door to offer them to come inside to talk.

They weren't actually police officers and two federal agents of Australia with one F.B.I agent from America. The American agent asked if I wouldn't mind actually coming outside so that I may speak with them in private. "Okay" I said, as well as mentally preparing myself for something big from the look of it, it's not over a parking ticket or anything small that you get three federal agents knocking at your in-laws front door asking to speak in private. "Can we first ask you if you are in fact Ms. Virginia Roberts and originally from Palm Beach County in the United States?" I confirmed my name and previous state of residence then they even asked, "May we see some identification please?" A different agent asked the question this time and I told him "I will have to go and grab it, my purse is inside. I'll just be one second."

Robbie was standing on the other side of the door trying to figure out what they were doing here talking to me and when I rushed through it to grab my purse and saw him standing there looking puzzled, I told him I had no idea what this was about yet, but not too worry everything was going too be just fine. Taking a deep breath and slowly exhaling outwards, I opened the door to find out exactly what the agents wanted to talk about.

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Pulling out my Australian drivers license from my wallet, I was going to hand it over to them but they were sufficed at a quick glance. There was no meet and greet, they went straight to the point. One agent picked up a briefcase off the porch floor and opened it up taking out a stapled stack of paper. Then that same agent asked me if I had ever known an affiliate by the name of Mr. Jeffrey Epstein. All of the sudden my stomach tangled in a familiar knot that I hadn't felt in many years from a past life that I was trying to forget about. I nodded in affirmation of their question and said "It was a long time ago and he's no longer an affiliate of mine, but yes, I did know him once." It was shameful enough to think about let alone talk about with them for the first time since I had started my entire life over. His next response left me nothing short of speechless. The United States Attorney's Office for the district of Florida was giving me a notification of being an identified victim. Jeffrey was finally caught for his atrocious acts of perversion on girls who were barely old enough to even comprehend "the birds and the bees" so to speak.

On June 30th 2008, Jeffrey Epstein pleaded guilty for procurement of minors to engage in and solicitation of prostitution. More than a dozen girls had been named as victims of Jeffrey's federal offense's and without ever stepping a day in court he was granted a plea bargain consenting to charges that named him a registered pedophile for only two of the minor girls. Getting away with even serving only twelve of the sentenced eighteen months behind bars be that in the evening alone and in the morning he was released during the day. Restricted to the confinement of his lavish mansion in Palm Beach only to be with his original sex slaves from over ten years ago, Nadia Marcinkova and Sarah Kellen, and knowing Jeffrey all too well, they wouldn't be the only ones there while he was pulling his laughing stint of retribution. Even at nighttime the girls were still allowed to visit him, accounting to nearly seventy times while serving his time in incarceration.

No justice had been served for any of us victims. Denied the very constitutional rights allegedly there to protect and serve us. We weren't allowed to have a voice in front of a jury and judge or even informed for that matter. Instead we were handed this notification of being a victim but told we were all too late to do anything about. To make matters worse part of that plea bargain was that we had the option to sue him with the lawyers he provided for us, and conveniently enough I found out later they were also his lawyer's old friends from the college days.

I felt my knees go weak and the anxiety churning in my stomach was now making me feel sick. Taking the bundle of paperwork from the agent who was now handing it to over me, I had to excuse myself before my legs actually buckled. Closing the door behind me I couldn't even find the words to tell my husband what was going on. I rushed to the back of

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the house and went out to the back yard where I wanted a minute to compose myself and process the information I had just been told. Robbie followed behind me but the stillness in my eyes convinced him to give me that moment to compile my emotions.

A few moments later and I was ready to talk. Collapsing into his arms with such anguish, he just held me until my sobs subsided and I was able to tell him what actually happened. Starting with an apology, I began to tell him how I was so sorry but my troubled past has come back to plague our simply sweet lives and was just about to turn it all upside down. He was so understanding from the beginning of all this, telling me that he will always be behind every choice that I make in mending the sorrows of my tormenting past and there he has been through all of the thick and thins.

Deciding to call the lawyers on the victim suit provided for me was a big decision but one I had to do to seek the unanswered questions from my battered heart. The two women at the firm that I spoke to treated me so wonderfully, like long term friends they counseled me not only in the terms of a lawsuit towards Jeffrey but also in the matters of being emotionally and sexually abused. I chose to proceed with the lawsuit at least to make a statement to a man that tried to make a degrading statement about me so long ago. Now it was my turn, I had the choice to turn the tables on him hoping he would feel embarrassed and in the spotlight for everyone's entertainment where he had kept me for so many years.

Winning my lawsuit against him was not enough to heal old wounds, I never got the chance to stand up in front of a jury and tell them how much pain I had endured and still endure throughout the many nightmares I face when darkness hits and the silence of the sleeping household fills my head with pictures of reliving my past with him or the others he sent me too. Or did I even get to hear him confess his guilt and suffer the way I did locked in confinement for many years? No, instead I got to see a picture of Jeffrey with his arms around a very youthful looking teenager, if even that, parading the streets of New York, the very way he had with me and so many other girls long before.

As if it were a public display intended for not only his many victims to see but also a spectacle for the public justice system, it was bold show of insolence laughing in our faces while we all sat by not being able to do anything to help these young girls from the streets still suffering his perverted afflictions. Not much longer there was another story on Jeffrey I saw in the papers of him and Prince Andrew having a stroll together in Central Park. It instantly sparked my concerns for other girls in the very same position I was in so long ago and he was obviously up to the same old tricks, I had to do something now. Not being able to sit by any longer

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with the knowledge of being able to help out in some way. I had to tell my story no matter how shameful it was to even speak about. Putting my shame aside I had to derive every bit of courage I could sustain and now I am ready to tell it. The hardest lesson I had failed at learning until later on in my life became my strength, the belief in my inner voice and the ability to speak up. I do have a voice and now the world is going to hear it in my whispered cries for justice. Swept away by a surge of media with one phone call I sent Jeffrey's publicist into frenzy. Not to mention the release of the photos showing the first night that Prince Andrew and I shared together that I so happened to unveil for the public to see.

I spent too much of my life going out of my mind waiting for the rescue that never came until it was too late and then the scars were already imbedded deeply within. Thankfully I am now free from the struggles that nearly destroyed the love inside of my heart. I only wish it could be the same for the other victims, not just of Jeffrey's inflictions but every person who has ever suffered at the hands of another.

I'm here to tell you from my own experience that the moon is yours if that's what you want, all you have to do is stand up and take it. If some girl off the streets of Florida, like me, can stand up against the tyrants that run the deep pockets of our world, than anyone can. Just like I needed to believe that someone stood up for me once like Robbie did long ago, I now stand up for us. For all of us girls, the ones who are still on the streets and think they don't deserve better or it's an unachievable dream to be entitled to more out of life. For all of the beautiful girls who don't see beyond they're outside appearance. For all the girls still trapped in enslavement and unable to get out of the abuse that holds them down. But most of all, I stand up for every girls belief in love, because it is the very savior of my spirit and soul.

The End

Written and Illustrated by Virginia Roberts

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From: Steve Bannon [redacted]
Sent: 4/23/2019 12:57:52 PM
To: Michael Wolff [redacted]
CC: Jeffrey Epstein [jeevacation@gmail.com]
Subject: Re: Announcing the 2019 Hillman Prize winners

Importance: High

Pile on

On Apr 23, 2019, at 8:51 AM, Michael Wolff <[redacted]> wrote:

Another big prize for Miami Herald.

---------- Forwarded message ---------
From: The Sidney Hillman Foundation <[redacted]>
Date: Tue, Apr 23, 2019 at 2:45 PM
Subject: Announcing the 2019 Hillman Prize winners
To: Michael <[redacted]>

Congratulations to the 2019 Hillman Prize recipients!

Sidney Hillman Foundation Names Winners of 2019 Prizes for Journalism in Service of the Common Good

---

Reuters, NBC News and MSNBC, ProPublica Receive Honors; Adam Serwer to receive Opinion & Analysis Prize

NEW YORK – The Sidney Hillman Foundation announced Tuesday winners of the 69th annual Hillman Prizes, recognizing a *Reuters* exposé of slum-like living conditions on U.S military bases, the *Miami Herald*'s investigation into Labor Secretary Alex Acosta's sweetheart deal with serial sex abuser, Jeffrey Epstein, and NBC News and MSNBC's reporting on the Trump Administration's family separation policy, among other standout reporting in service of the common good.

Hannah Dreier of ProPublica won a Hillman Prize for reporting that showed how the government's bungled crackdown on MS-13 has torn apart the lives of Latino immigrants. The Atlantic's Adam Serwer, who has emerged as a defining voice of the Trump era, won for his essays on racism and Trump's political movement, and Anna Clark won for her book on the Flint water crisis.

This year's prizes were judged by writer Ta-Nehisi Coates, the *New Yorker's* Jelani Cobb, *Reuters'* Alix Freedman, the *New Yorker's* Hendrik Hertzberg, the *American Prospect's* Harold Meyerson and *The Nation's* Katrina vanden Heuvel.

The 2019 winners of the Hillman Prizes are:

- **Newspaper** – *Miami Herald*, Julie K. Brown and Emily Michot: *Perversion of Justice*
- **Magazine** – *ProPublica* with *New York* magazine, *Newsday, This American Life, New York Times Magazine,* Hannah Dreier: *Trapped in Gangland*
- **Web** – *Reuters,* Joshua Schneyer, Michael Pell, Andrea Januta, Deborah Nelson: *Ambushed at Home*
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- **Opinion & Analysis** – Adam Serwer, *The Atlantic*
- **Book** – Anna Clark: *The Poisoned City: Flint's Water and the American Urban Tragedy,* Metropolitan Books

Reporting by this year's prize winners has had significant positive impact, including:

- Reversal of the Trump administration's "Zero Tolerance" family separation policy
- Three federal investigations, new legislation, widespread repairs, and a $386 million emergency program to inspect military housing for hazards
- The exposure of pervasive bias and negligence by Long Island police, leading to federal and local investigations and reforms

This year's honorees follow in the trailblazing tradition of past winners ranging from Murray Kempton in 1950 for his articles on labor in the south and Edward R. Murrow in 1954 for his critical reports on civil liberties and Joseph McCarthy at the height of the Red Scare; to 2017 newspaper winner, David Fahrenthold, for exposing Donald Trump's sexual harassment and mismanagement of his foundation.

The Hillman Prizes are open to journalists and subjects globally for any work widely accessible to a U.S. audience. Winners will be awarded a $5,000 prize at the Hillman Foundation's annual

ceremony in New York City on May 7.

"In a time when this country's highest powers have taken it as their business to demean the work of journalists, it is particularly significant for us to honor those who have taken up the tools of journalism to challenge corrupt power wherever it may reside," said Hillman judge Ta-Nehisi Coates.

In 2011, the Sidney Hillman Foundation inaugurated the Canadian Hillman Prize. This year's winners, Harvey Cashore, Bob McKeown and Kimberly Ivany of CBC's The Fifth Estate, won for their sweeping investigation into the research and regulatory failures that have put millions of children at risk on their way to and from school each day. Their reporting exposed fraudulent science behind Transport Canada's seminal seatbelt study and led the Transport Minister to form a task force with the provinces to look at implementing seatbelts on school buses across the country.

The Hillman Foundation announced Monday that CUNY professor and historian, Joshua B. Freeman, is the recipient of its 2019 Sol Stetin Award for Labor History. Freeman has written extensively about the history of labor, industry, modern America, and New York City. The Hillman Foundation established the award in 2005 to honor a labor historian who has made significant contribution to the field, researching and telling the stories of working peoples' lives.

Since 1950, the Hillman's Prizes for Journalism honor the legacy of Sidney Hillman, an immigrant who dedicated his life to a "better America." Hillman believed that a free press was essential to a fair and equal society. The Sidney Hillman Foundation has sought to carry on his legacy by honoring journalists who illuminate the great issues of our times—from the search for a basis for lasting peace, to the need for better housing, medical care, and employment security for all people, to the promotion of civil liberties and the battle against discrimination based on race, nationality, or religion.

For more information, including to RSVP to the event, please contact Alexandra Lescaze at 646-448-6413 or Alex@HillmanFoundation.org

Transcript Produced to Congress. This file contains Non-responsive, Privilege, or Redacted. Please refer to the Log attached to the production cover letter.

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From: Steve Bannon [redacted]
Sent: 4/23/2019 4:06:36 PM
To: Michael Wolff [redacted]
CC: Jeffrey Epstein [jeevacation@gmail.com]
Subject: Re: Announcing the 2019 Hillman Prize winners

Importance: High

Fix always in

On Apr 23, 2019, at 9:06 AM, Michael Wolff <[redacted]> wrote:

Look at the judges on this thing: the right-thinking establishment to a tee (to a Ta-Nihisi).

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From: Jeffrey Epstein [jeevacation@gmail.com]
Sent: 6/27/2009 11:22:50 AM
To: Peggy Siegal [redacted]n]
Subject: Re: July 22

now is fine

On Sat, Jun 27, 2009 at 7:05 AM, Peggy Siegal <[redacted]> wrote:

Fine. What time

----- Original Message -----
From: Jeevacation <jeevacation@gmail.com>
To: Peggy Siegal
Sent: Sat Jun 27 07:04:52 2009
Subject: Re: July 22

Call me this afternoon

Sent from my iPhone

On Jun 26, 2009, at 5:23 PM, "Peggy Siegal" <[redacted]> wrote:

So I go to a designer's cocktail party last night and Jonanthan and Kimberly Farkus are there telling me about your coming home celebration and there might be on seat left on his cousin's plane....do you know about this?

I mentioned that you said there was no "release" party....

I am coming if there is one- if you don't a "surprise" event- you might want to get into this.
Your friends are counting the days to freedom...

Went to Heyward Isham's funeral today...father of Ralph and Chris...very sad. Old wasp diplomat who was our Ambassador to Haiti in 60's- sounds like CIA....is CIA

Going to dinner with Amy Irving, her husband and Mario Platero, a brilliant Italian (jewish) journalist- very chic- wife in Engand- he travels with Obama...runs big news agency here- very funny- you will love him- will introduce in your new life..
Cannes Diary finally went to press...
Was in LA for 3 days of meetings with every studio...working hard for the business...it's there, but it'a like begging to get them to spend so we spend our days getting underwriting...thank God I have a guy in the office that does this...

Poured all day in Hamptons- sun just came out...
Miss you...
xoxo Peg

From: Jeffrey Epstein [jeevacation@gmail.com]
Sent: 7/12/2009 11:37:00 AM
To: Sultan Bin Sulayem [[redacted]]
Subject: Re: World economy growth interesting reading

mandelson is in london

On Sat, Jul 11, 2009 at 9:15 PM, Sultan Bin Sulayem <[redacted]> wrote:

* 11 Places With a Worse Economy Than USA
By Rick Newman – Fri Jul 10, 11:50 am ET

*How to tell when a real recovery begins.?
By Rick Newman

*Obama says stimulus plan to kick in later this year.
Reuters

11 Places With a Worse Economy Than USA
By Rick Newman – Fri Jul 10, 11:50 am ET

When times are tough, one thing that tends to raise the spirits is knowing that somebody else has it worse. And as wretched as the U.S. economy seems, it's not as bad as in other regions.

The International Monetary Fund's latest tally of world economic conditions forecasts a 2.6 decline in U.S. economic output for all of 2009, and anemic growth of 0.8 percent in 2010. That's more optimistic than the IMF's prediction from three months ago, but those are still lousy numbers. A weak economy throughout 2010 would mean a bleak employment picture, an agonizingly slow housing recovery, and another year or two likely to feel like a recession, whether it's technically labeled that or not.

We should count ourselves lucky, though. The IMF expects at least 11 major parts of the world to have more severe economic contractions than the United State this year, including most of western Europe, Japan, Russia, and Mexico. Europe will still be stumbling along behind the United States next year, as well. Here are the IMF's projections for economic growth in various parts of the world:

	2009.	2010
China.	7.5.	8.5
India.	5.4	6.5
Middle East	2.0	3.7
Africa.	1.8	4.7
Brazil.	-1.3	2.5
World total	-1.4	2.5
Canada.	-2.3	1.6
U.S.	-2.6	0.8
France.	-3.0	0.4
Spain.	-4.0	-0.8
U.K.	-4.2	0.2
E U.	-4.7	-0.1

E Europe.	-5.0	1.0
Italy.	-5.1	-0.1
Japan.	-6.0	1.7
Germany.	-6.2	-0.6
Russia.	-6.5	1.5
Mexico.	-7.3	3.0

If these projections come true, it means the United States, despite its overspent consumers, wrecked banks, and insolvent auto makers, will be leading the world economy out of recession. Somehow. The developing world will help, but those high growth projections in China and India can be deceiving.
China in particular has government policies that practically mandate high growth, and 8.5 percent in 2010 would be just about the bare minimum to keep employment at tolerable levels. And neither China nor India is a major buyer of American-made goods and services; for the most part, it's the other way around. With much of the developed world trailing the United States, it will take American consumers to ratchet up demand for the world's products. Scary thought.

How to tell when a real recovery begins.?
4 Ways to Tell When a Real Recovery Has Begun

You could conclude just about anything from the daily cavalcade of economic statistics. Some suggest an imminent recovery. Others seem to foretell years of gloom. The bent of the expert interpreting the latest news—bull, bear, Obama-basher, Wall Street-hater—has as much to do with the outlook as the numbers themselves.

For the foreseeable future, there will be an aggressive hunt for two economic recoveries. One is the technical improvement in economic indicators that signals the economy is growing again. That's the one economists care about, which is why they scour the numbers on retail sales, business inventories, purchasing manager sentiment, subatomic inflation, the mood in Shanghai, and anything else that could help pinpoint the exact inflection point for a turnaround.

The other recovery, the one that most consumers are waiting for, is the one in which companies stop firing and start hiring, banks return to normal lending, and families stop worrying about jobs and income. And that turnaround—the consumer recovery—is likely to take much longer to materialize than the technical recovery.

The danger of hyping a technical recovery is that it will arrive, with much fanfare—but fail to make ordinary consumers feel better off. Many economists, for example, are predicting that the recession will officially end by this summer or fall. The only problem is that when a technical recovery begins, a lot of companies fail to get the memo. They don't play along; they keep payrolls lean and maybe even continuing to lay off workers. So to guard against false optimism, here's how to tell when a real recovery is finally kicking into gear:

Unemployment improves. The single best indicator of the health of the economy is the job market. People who have lost their job, or worry that they might, obviously hoard their money and don't spend. That spells doom for an economy driven by consumer spending, as ours is. But once it's clear that jobs are coming back, consumers are more likely to relax and open their wallets.

Projections about unemployment should make anybody queasy about the prospects for a recovery this year. The unemployment rate is currently 9.4 percent, a steep rise from one year ago, when it was an unremarkable 5.5 percent. And by most accounts, it's going to get worse. The International Monetary Fund expects the U.S. unemployment rate to be 10.1 percent in 2010. Economist Gary Shilling thinks unemployment will hit 11.4 percent and not peak until late next year.

It's hard to imagine a "recovery" in which jobs are even more scarce than they are now. When the unemployment rate finally starts to go in the other direction, we can start to think about putting the umbrellas away. Until then, no number of upticks or volume of optimistic talk will persuade Americans worried about their jobs that they should part with precious cash.

Housing prices stabilize. This has become a mantra by now: For the economy to get healthy, housing prices must stop falling. Problem is, the houses haven't been listening.

Housing matters for two reasons: It represents a big chunk of the economy, and it's the largest single repository of Americans' household wealth. With prices falling, buyers are scarce, since nobody wants to buy an expensive good today if it's going to be worth less tomorrow. With few buyers, all the other economic activity that swirls around real estate—remodeling, appliance and furniture

sales, relocation services—is depressed. Homeowners are worse off, too, because the value of one of their vital assets is eroding.

House prices have already fallen by 32 percent nationwide from the 2006 peak. And they have further to go. The latest readings on the S&P/Case-Schiller home price index, one prominent measure, showed another record decline in May. At some point, the declines will moderate and stop being records. But prices need to stop falling altogether, and probably rise, for a real recovery to happen. The Federal Reserve thinks home prices could stop falling in 2010, after a total decline of 41 to 48 percent. Other metrics, like housing starts and new-home sales, might point upward before then. Those will be signs of signs of a turnaround, not the real thing.

Household wealth increases. The housing bust and the volatile stock market have hammered the traditional investment tools that most Americans use, causing epic declines in the wealth of Americans. Since 2006, household net worth has declined by about $12 trillion, which equates to about $107,000 of lost wealth for each of America's 112 million households. That's partly because of the 40 percent plunge in the stock market since October 2007 and partly because of the steep declines in real estate values.

Americans simply own less, too. Home equity for the typical homeowner is just 41.1 percent, a record low. In 2002, it was 58.4 percent. Owning less means we owe more and will have to rebuild savings before we can spend like we used to. "This will be a drag on all discretionary purchases," says Dirk van Dijk, an analyst at Zacks Investment Research who thinks the tightfistedness will cut into the earnings of firms ranging from hotel chains to furniture makers to motorcycle manufacturers. Those are the same kinds of companies that need to start hiring again for a real recovery to develop. But they won't if sales stay sluggish. A turnaround will require sustained stock market gains and an end to the housing bust.

President Obama stops fudging on the economy. There's still a lot that could go wrong, and Obama knows it. Yet part of the president's job is to reassure skittish Americans, even as his economic lieutenants are fighting battles in the war room. That's why Obama has been making half-hearted pronouncements, like saying that the economy shows "some return to normalcy" and that "we expect there'll be some stabilization of the economy." Virtually all of Obama's remarks on the economy contain modifiers and future tense and a not-quite-there-yet quality, since he'll blow his own credibility if he tries to convince Americans that they're better off than they actually are. When Obama starts hedging less, be happy. That will signal better days. Finally.
The IMF does offer a bit of more heartening news: The global wipe out finally seems to be receding. "The world economy is stabilizing," the IMF reports. Its global economic growth projection of 2.5 percent in 2010 is 0.6 points higher than predicted in April. But the global economy isn't expected to gain its footing in earnest until the second half of 2010. Maybe by then American spenders will have come out of hiding.

Obama says stimulus plan to kick in later this year Reuters
Obama says stimulus plan to kick in later this year

By Tom Doggett – Sat Jul 11, 3:13 pm ET

WASHINGTON (Reuters) – President Barack Obama said Saturday more time was needed for his $787 billion stimulus package to work, predicting the spending would have a bigger impact on the economy later this year.

In an advanced text of his weekly radio speech, Obama said the stimulus plan approved by Congress and signed into law in mid-February "was not designed to work in four months -- it was designed to work over two years."

U.S. Treasury Secretary Timothy Geithner said it was too soon to decide whether the U.S. economy needed the help of a second-round of government stimulus to recover from recession.
"I don't think that's a judgment we need to make now, can't really make it now prudently, responsibly," he said in a taped interview with CNN that will air Sunday.

According to a transcript provided by CNN, Geithner said the "biggest thrust" of the stimulus package signed into law earlier this year would take effect in the second half of the year.

Obama's comments follow government data showing the unemployment rate soared to 9.5 percent in June, the highest level since 1983 and above the 8 percent peak predicted by the White House when it worked with Congress to pass the package. Republicans say the stimulus plan is not working.

Obama now warns unemployment likely will top 10 percent in the coming months.

"We must let (the stimulus plan) work the way it's supposed to, with the understanding that in any recession, unemployment tends to recover more slowly than other measures of economic activity," Obama said.

He said the benefits of the plan would "accelerate greatly throughout the summer and the fall."

The continuing recession and further steep job losses are wearing away the patience of Americans and raising doubts about Obama's handling of the economy.

The share of Americans who believe the stimulus package will restore the economy slipped to 52 percent in late June, down from 59 percent two months earlier, according to a Washington Post-ABC News poll.

Vice President Joe Biden said the administration had "misread" how bad the economy was when it took office but that the stimulus package would help the economy recovery and create jobs.

Senate Republican Leader Mich McConnell Friday called the stimulus plan a failure.

Obama said it takes time for the plan's money "to get out the door" to pay for roads, bridges and other infrastructure projects that will create jobs "because we are committed to spending it in a way that is effective and transparent."

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****

From: Jeffrey Epstein [jeevacation@gmail.com]
Sent: 1/12/2010 12:28:25 AM
To: Peggy Siegal [[redacted]]
Subject: Re: My Wall Street 2 Story

terrific. i want to hear more about the trip

On Mon, Jan 11, 2010 at 6:32 PM, Peggy Siegal <[redacted]> wrote:

Wrote this for the February issue of AVENUE Magazine. Thought it would amuse you. Tell me what you think of it.

xoxo Peggy

--

HD: Wall Street, Take Two

DEK: In the upcoming sequel to Oliver Stone's groundbreaking film, Gordon Gekko gets out of jail and back to business. Peggy Siegal takes us behind the scenes where she got herself on camera along with a few of her famous friends. Nice work if you can get it.

In 1987, right after director Oliver Stone won the Academy Award for "Platoon," he immediately turned to a domestic arena and began working on "Wall Street" in New York City where his father had been a stockbroker. Although the film was widely seen as a scathing critique of the culture of Wall Street, Stone has said that part of the film is a defense of capitalism, his father's vision of finance (as seen through the Hal Holbrook character) and an homage to his father.

At the time Oliver was also fascinated with the connection between the psyche of Latino Miami drug dealers from his earlier "Scarface" script and the American-born 28- to 35-year-old, white collar stockbrokers. Both groups had an animalistic need to obtain big and fast money. They shared an obsession with corruption and greed.

Oliver sent his actors to Bear Stearns for research, including then-newcomer Charlie Sheen, who played Bud Fox, a kid from nowhere. When he learns to cold call, and lands one big client, Gordon Gekko, Fox is thrust into the fast lane with a rock star financial mentor who teaches him corruption.

Oliver needed an old-fashioned villain to create drama, and he cast Michael Douglas as Gekko against type. Michael was not known as a heavy at the time, but as a charming, handsome, sensitive leading man. Oliver also saw the anger, confidence, salesmanship and style that Michael brought to the role. Michael's Gekko looked a bit like Laker's coach Pat Riley with his slicked back hair and well-cut suits, and it became Michael's most important role, winning him the Academy Award for the villain no one could ever forget.

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From: Jeffrey Epstein [jeevacation@gmail.com]
Sent: 1/12/2010 11:18:58 AM
To: Peggy Siegal [[redacted]]
Subject: Re: My Wall Street 2 Story

sorry you are sick, go slow.. no cleaning. stay in bed.. sorry..

On Tue, Jan 12, 2010 at 6:17 AM, Peggy Siegal <[redacted]> wrote:

Will call you later. I am sick as a dog with a cold. I am supposed to go to Dr. Magnani this morning for a cleaning. If you get a cleaning with a cold does it make it worse of just infect the dental hygenist?

Had a great lunch for Woody Harrelson and Ben Foster for "The Messenger" at Monkey Bar yesterday and hung with Clooney at the New York Film Critics Awards last night. Tonight is the National Board of Review and I am thinking of staying in bed till show time. Have a party for Clooney Wednesday nigh Graydon is hosting at Monkey Bar that we are working on.

I have to fly to LA Jan. 14 and I am worried...I have emailed three doctors this morning!

Will call later...Mattie keeps saying she is going to show me how to email photos- will try to do today and call.

I think I got sick in economy class from Lamu, Nairobi, Amsterdan, Newark from all those wanna be terrorists breathing on me in the planes.

Did you see "Avator". I do not have a dvd because it's 3D.
The white American marines are wiped out by black people painted blue....it's going to be highest grossing film in the world is an few weeks beating out "Titanic" and will win the Oscar for "Best Picture."
xoxo Peg

----- Original Message -----
From: Jeffrey Epstein <jeevacation@gmail.com>
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terrific. i want to hear more about the trip

On Mon, Jan 11, 2010 at 6:32 PM, Peggy Siegal <[redacted]> wrote:

Wrote this for the February issue of AVENUE Magazine. Thought it would amuse you. Tell me what you think of it.

xoxo Peggy

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HD: Wall Street, Take Two

DEK: In the upcoming sequel to Oliver Stone's groundbreaking film, Gordon Gekko gets out of jail and back to business. Peggy Siegal takes us behind the scenes where she got herself on camera along with a few of her famous friends. Nice work if you can get it.

In 1987, right after director Oliver Stone won the Academy Award for "Platoon," he immediately turned to a domestic arena and began working on "Wall Street" in New York City where his father had been a stockbroker. Although the film was widely seen as a scathing critique of the culture of Wall Street, Stone has said that part of the film is a defense of capitalism, his father's vision of finance (as seen through the Hal Holbrook character) and an homage to his father.

At the time Oliver was also fascinated with the connection between the psyche of Latino Miami drug dealers from his earlier "Scarface" script and the American-born 28- to 35-year-old, white collar stockbrokers. Both groups had an animalistic need to obtain big and fast money. They shared an obsession with corruption and greed.

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Invisible Forces and Powerful Beliefs: Gravity, Gods, and Minds

By the

Chicago Social Brain Network

FT Press
Upper Saddle River, NJ

HOUSE_OVERSIGHT_021247

Invisible Forces and Unseen Powers: Gravity, Gods, and Minds

Preface

1. Invisible Forces Operating on Human Bodies

Gravity is an invisible force that holds us to the surface of the earth, and the fact that gravity is invisible does not place it beyond scientific scrutiny. Similarly, humans are a quintessentially social species whose need for social connection produces invisible forces on our brain, behavior, and biology that are subject to scientific investigation. Among these are forces that compel us to seek trusting and meaningful connections with others and to seek meaning and connection with something bigger than ourselves. The story of these invisible forces speaks to who we are as a species.

From Selfish Genes to Social Brains

2. The Social Nature of Humankind

The human brain has evolved under the guidance of selfish genes to produce more than a brain that is capable of powerful, isolated information processing operations. The human brain also evolved with inherent capacities for social cognition, compassion, empathy, bonding, coordination, cooperation, values, mortality and a need for social connection that extends beyond kin and even other individuals.

From Inclusive Fitness to Spiritual Striving

3. Science, Religion, and a Revised Religious Humanism

The dialogue between science and religion, if properly pursued, can usher in a new era of religious humanism in the leading world religions. Their central beliefs and practices largely would remain intact, but their views of nature and their concerns with health and well-being would be refined through their conversations with the sciences. How this model would work is discussed in terms of the relation between love and health in Christian theology – especially the tension between the agape, caritas, and eros models of Christian love.

The Status of the Body Politic and the Status of the Body Itself

4. Health by Connection: From Social Brains to Resilient Bodies

Most people feel socially connected most of the time. Felt connectedness is typically taken for granted, but the effects of its absence, as experienced in feelings of isolation, demonstrate that our evolutionary heritage as a social species has potent implications for health and well-being.

From Relationships to People and Groups to Relationships with God

5. Psychosomatic Relations: From Superstition to Mortality

It has long been recognized that mental states can impact health and well being, but the causal pathways have only recently begun to be understood. Thoughts, beliefs and attitudes can have powerful effects on physiological functions, health and disease. Examples range from superstitious beliefs associated with voodoo, bone pointing, or other black rituals to the more positive states associated with spirituality. The present essay considers these disparate psychological states and how they might translate into physiological effects having real health implications.

The Mind and Body Are One

6. The Suspension of Individual Consciousness and the Dissolution of Self and Other Boundaries

A special case of social interaction concerns two or more individuals engaging in temporally coordinated

actions that imply particular timing patterns such as synchrony or rhythmic turn taking such as applauding in unison or the 'wave' that is produced by thousands of individual sports fans in a stadium. A model to explain such synchronized behavior is proposed in terms of the neural processes that are jointly recruited. One of the main implications suggested by this model is that taking part in or being part of a synchronized social interaction gives rise to a qualitative shift in subjective experience due to the difficulty of applying an individual centered explanation to collectively produced spontaneous co-action.

You and I as One

7. Action at a Distance: The Invisible Force of Language

Language forms the fabric of our social institutions and makes tangible the nature of our relationships. Although the function of language is typically viewed in terms of the information content that it provides, some of the social function of language may depend on the way it affects us. The idea of language impact – how language directly affects our emotions and social connections – may be fundamental to the way the social brain functions to connect people.

Systems and Signals for Social Coordination

8. Hidden Forces in Understanding Others: Mirror Neurons and Neurobiological Underpinnings

Specific brain regions in the monkey contain individual brain cells, or neurons, that respond to both observation and execution of identical hand and mouth actions. Brain imaging in humans has demonstrated that our brains have similarly localized regions with similar properties. These areas respond to execution of goal-directed actions of the hand and mouth and during observation of the same or similar actions. Interestingly, these brain regions in the human are also responsive to observation and imitation of facial movements, and appear to be sensitive to their emotional content.

Connecting and Binding Social Brains and Minds

9. Empathy and Interpersonal Sensitivity

Empathy is thought to play a key role in motivating prosocial behavior, guiding our preferences and behavioral responses, and providing the affective and motivational base for moral development. While folk conceptions of empathy view it as the capacity to share, understand and respond with care to the affective states of others, neuroscience research demonstrates that these components can be dissociated. Empathy is not a unique characteristic of human consciousness, but it is an important adaptive behavior that evolved with the mammalian brain. However, humans are special in the sense that high-level cognitive abilities (language, theory of mind, executive functions) are layered on top of phylogenetically older social and emotional capacities. These higher level cognitive and social capacities expand the range of behaviors that can be driven by empathy.

Seeing into My Mind and Other Minds

10. Seeing Invisible Minds

Other minds are inherently invisible. Being able to "see" them requires learning about other minds, attending to other minds, and projecting one's own mind onto others, and seeing minds in other agents can mean the difference between treating others as humans versus as objects.

Inferring Minds When None Can be Seen

11. Anthropomorphism: Human Connection to a Universal Society

The human motivation for social connection extends beyond the boundary of the human in the (often misunderstood) religious language of anthropomorphism. In this chapter, an infamous sermon from colonial America—"Sinners in the Hands of an Angry God"—is used to illustrate the way anthropomorphic language works to incorporate human society in a web of ethical obligations that connect to the natural environment and, by imaginative extension, to the universe as a whole.

Personifications of God

12. How Does God Become Real

Becoming a person of faith is not so much about acquiring certain beliefs but about learning to use one's mind in particular ways; the often intensely private experience of God is built through a profoundly social learning process.

Belief and Connection

13. Theological Perspectives on God as an Invisible Force

The beliefs that religious individuals hold about the way God operates in human life are potential factors affecting perceived social isolation. My paper discusses a specific type of such belief that is common in the history of Christian thought: the belief that God is an invisible force of a rather impersonal sort working for the good in everything that happens. The paper argues that this sort of belief has as great or greater potential than belief in God as a personal friend to give one the sense that one is never alone, but the conception of God as pervasive can also lead to inattention and disconnection.

The Elusiveness of Meaningful Connection

14. Visible Efforts to Change Invisible Connections

Despite the human need for social connection, many individuals are lonely because they are unable to create meaningful social bonds. Interventions designed to reduce loneliness have not been successful, suggesting that a better understanding of loneliness, social connection, and the obstacles to forming meaningful connections with others is needed.

Reflections on Invisible Connections

15. Social Brain, Spiritual Medicine?

Science and religion are inextricably intertwined in the practice of medicine. Science has provided modern medicine with extraordinary diagnostic and therapeutic capacities that can be employed to care for patients. Religions provide a fuller vision for the worthiness of caring for the sick, a framework to guide the application of medical science in that endeavor, and practices that strengthen the human capacity for treating patients as the mindful persons they are.

Invisible Forces

16. Epilogue

Invisible forces that connect individuals to society, or to each other, have effects at both ends of the connection. As humans we are fundamentally individual and fundamentally social. We encompass both the pursuit of rational self interest of *Homo economicus* and the pursuit of approval, belonging, and intimacy of *Homo socialis,* the former grounded in *eros,* the latter in *agape.* These forces acting together represent a signature feature of *Homo sapiens* (the wise ones) and have contributed a record of influence and impact– both positive and negative –that is unmatched in biology.

Preface

We view our past through a reverse telescope, making it seem like contemporary events are a much larger part of our history than they are. Hominids have been estimated to have evolved about 7 million years ago, with our species having evolved only within approximately the last 1% of that period. The human brain was sculpted by evolutionary forces over tens of thousands of years, whereas the human achievements we take for granted, such as civilizations, law, and art, have emerged only during the past few thousands of years. A mere 300 years ago, theology and philosophy were the principal disciplinary lenses through which the world was viewed, and from which explanations and instruction were sought. Advances in science over the past 300 years have transformed how we think, act, and live. Nearly every aspect of human existence, ranging from agriculture, commerce, and transportation to technology, communication, and medicine, has been transformed by contemporary science. We have no hesitation to accept scientific explanations of physical entities being influenced by invisible forces such as gravity, magnetism, and genes. But when human mentation and behavior are the objects to be explained, deterministic scientific accounts seem to many to be less satisfying.

For some, science and modernity are akin to the apple in the Garden of Eden, responsible for our fall from Grace. For others, theology and religion represent little more than the stuff of superstition with no place in an educated society.

About six years ago, we had the opportunity to create a most unusual group of scholars to examine questions about the invisible forces acting on, within, and between human bodies. Superb scholars who individually had made major contributions to their own disciplinary field – fields as divergent as neuroscience and medicine to philosophy and theology – were invited to form an interdisciplinary network of scholars to consider such questions. The development of these discussions even over the first few meetings truly astonished us all. We decided to share what we learned through the present book, which represents a different perspective, one in which our understanding of human nature is enriched by serious insights and scrutiny that each perspective has to offer. Theology and religion have always relied on unseen forces as the basis for explanations of human behavior and experience. Science has been able to explicate those forces even if along different lines than originally conceived. As we start to consider some of the more complex aspects of human nature, science and theology may be able to work together to shed light on some of these complexities.

We begin this preface and each chapter with a word cloud produced using Wordle at http://www.wordle.net. In the case of this preface, it illustrates key concepts that are found in this book. In the case of the chapters, the word cloud in each provides a visualization of

the key terms and ideas expressed in that chapter. Each chapter, in turn, represents a contribution led by a particular member to the network but broadened to reflect the interactions of the network on that topic. Perusal of the word clouds across chapters makes the flow of ideas more visible. Together, the chapters speak to who we are as a species and the nature of the invisible forces that make us such a unique species. For instance, humans seem to strive for social connections in a variety of ways from friendships to identification with groups to religious affiliations. A major thesis of this book is that we are fundamentally a social species, and that this journey is less a march toward isolation and autonomy than it is a march to competence, interdependence, coordination, cooperation, and social resilience. Guiding us through this journey are our social brains, which have evolved to create anything but a blank slate at birth.

We owe a debt of thanks to many for their contributions and support over the years, but we owe special thanks to Barnaby Marsh for approaching us with the idea of forming such a network and for his many contributions to the network, and to the John Templeton Foundation for their support and for their encouragement to pursue questions, ideas, and conclusions of our science regardless of where they led.

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The science of the mind is not unique in this regard. As the historian Daniel Boorstin (1983, *1*) noted:

> Nothing could be more obvious than that the earth is stable and unmoving, and that we are the center of the universe. Modern Western science takes its beginning from the denial of this commonsense axiom . . . Common sense, the foundation of everyday life, could no longer serve for the governance of the world. When "scientific" knowledge, the sophisticated product of complicated instruments and subtle calculations, provided unimpeachable truths, things were no longer as they seemed." (p. 294)

And just as the observation that we roam on stable ground led to the incorrect inference that we are the center of the universe, so too is the modern notion that the human brain is a solitary, autonomous instrument whose connections with other brains is a matter of deliberate choice and of no real import.

The human brain, the organ of the mind, is housed deep within the cranial vault, where it is protected and isolated from others, so it may seem obvious that the brain is a solitary information processing device that has no special means of connecting with other brains. But we are fundamentally a social species. Faces, expressive displays, and human speech receive preferential processing in neonate as well as adult brains. When a person feels rejected by others, their brain shows the same pattern of activation as when they are exposed to a physically painful stimulus. Permit a person to cooperate with others, and their brain shows the same pattern of activation as when they are given a rich reward such as delicious food or drink. We may not be aware of it, but human evolution has sculpted a human need for social connection, along with neural circuits and hormonal processes that enable and promote communication and connection across brains. As we shall see in the chapters to follow, our sociality is an important part of who we are as a species and it plays an important though often invisible role in the operations of our brain and our biology. Among the questions we examine is whether our social brain also contributes to the ubiquitous human quest for spirituality.

The Chicago Social Brain Network

For hundreds of years, theology and philosophy were the hub disciplines of scholarship, and other fields of inquiry orbited around this dyad and were tightly constrained by it. Over the past three centuries, the sciences have come into their own, displacing theology and philosophy at the center of the academic universe. In so doing, they have produced extraordinary advances in everyday life. People may reminisce about the good old days, but thanks to science and technology the amount of total income spent on the necessities of food, clothing, and shelter dropped from 80% in 1901 to 50% in 2002/2003. Yet there remains an inchoate sense that something is missing in our lives, something intangible and elusive. Science has improved our material lives, but improvements in material life may not be enough to optimize human well being.

Can these two very different ways of seeing the world be used

synergistically to shed new light on the human mind? In the Fall of 2004, we established an ongoing network of more than a dozen scholars unbounded by disciplinary precincts, geographical borders, or methodological perspectives to set aside antagonisms that had grown up between science and humanities in order to explore this question. These Network scholars hail from disciplines as disparate as psychology, neurology, theology, statistics, philosophy, internal medicine, anthropology, and sociology. Each of these scholars was well known in their own field and were busy with other obligations, but it was the opportunity to achieve a deeper, more comprehensive discussion of the human mind that made it worth the time and effort it required to be part of the Network.

Although various members of the Network interact on a daily or weekly basis, the entire Network convenes twice annually for a four-day retreat to discuss each other's research, to critique each other and to learn from one other. Scientific analyses characterized by rigorous experimental designs and data analytic strategies are interlaced with rich philosophical, theological, and historical analyses of the same questions about invisible forces that act on us all. The dialogue between the Network scientists and the scholars from the humanities and theology is bidirectional. For instance, the beliefs and behavior described in the humanities and theology are rich in hypotheses that can now be tested empirically, and the measures and methods of the behavioral sciences and neurosciences now permit rigorous investigation of some of these hypotheses. Each of the Network members brings a unique perspective to the study of the human mind, and the provocative story of the mind that is emerging from the collective efforts of the Network is the subject of this book.

The Network is unconventional in other ways, as well. Traditionally, scientists and scholars work together to achieve a common understanding and a consensus position. We quickly learned that we did not need to come to a consensus to benefit tremendously from the dialogue on the capacity and motivation for the ubiquitous human quest for sociality and spirituality. For instance, there is no consensus within the Network on whether there is a God, and we do not seek here to provide the final word on what science and the humanities each have to say to the other about the human mind. Instead, our purpose is to illustrate the possibility and importance of engaging others whose views we may not share in a serious dialogue on such topics. Among the lessons we as a Network have learned are:

1. that some questions about human nature and our social and spiritual aspirations have been asked by humankind for thousands of years. Accordingly, there may be more to be gained from engaging in a collaborative process of thinking about these questions than from demanding simple and immediate answers. We discuss what we see as possible answers to questions about our nature and strivings, but the value in stating these positions is to have clear positions from which to move thinking and research forward. Thus, our purpose in writing this book is to articulate ideas to be shaped and refined, not to provide the final word.

2. that one need not agree with a position to perform a deep and thorough analysis of the arguments for and against the position. Objectivity in thought and analysis are keys to reaching a deep understanding of a topic. By taking a position, developing arguments for and against the position, then taking the opposite position and doing likewise, we develop the capacity to be more dispassionate and powerful thinkers – and gain deeper insight into a topic.
3. that one need not reach agreement with someone to learn a great deal from discussions with them or to make significant advances in addressing a complex question. The salve of affirmation can lead us to seek like-minded others and to denigrate and avoid those who disagree with us. Although this may provide temporary comfort, it does little to help address deep divisions or solve problems with which we must deal in an increasingly complex and diverse world. There are inherent tensions between the sciences and the humanities, and these tensions have led to a polarization of views, an "it's my way or the highway" approach toward those holding divergent points of view. The contents of this book illustrate an alternative possibility. The Network is a very interdisciplinary group, and the perspectives captured in the subsequent chapters reflect some of the same tensions with which other books dealing with science and religion have dealt – and from which they have not benefitted. The tensions reflect deep and enduring differences in the way in which scholars in the humanities, the social sciences, and the sciences think about theory, methods, and evidence. These differences can test one's mettle but if acknowledged, respected, embraced, and pursued, they result in a richer, more innovative and synergistic collaborative effort. In the case of our Network, this was neither easy nor quick, but it was achieved through a mutual respect and exchange of ideas and a shared conviction regarding the importance of the Network's combination of approaches from the humanities and the sciences. In a sense, our Network is a microcosm of the structure that exists in our society. If these tensions are embraced and used to their full catapultic effect, one can make progress on serious problems, transforming not only how we think about the problem, but also how we think about those who hold different or opposing views.
4. that the insights or advances we can achieve need not be our or our opponent's position, or a less-than optimal compromise between the two, but rather they can be truly innovative, building on and transcending both initial positions. The specific forms of such creative and transcendent solutions are difficult to articulate in advance but there is a thought process – characterized by clarity, openness, constructive criticism, and synthesis – that

increases the likelihood one will reach such solutions. All of the perspectives discussed in this book have been transformed through this process.

Background

In pursuing the tandem lines of inquiry of science and the humanities, the Network itself serves as an example of the human capacities and emergent processes that can derive from collective social structures and actions. In the chapters to follow, the Network examines the nature and power of unseen forces ranging from human co-regulation to physiological effects of spiritual beliefs. The exchanges across disciplinary perspectives suggest that the "dominion of the solitary individual" is insufficient to understand the human mind or to optimize human health and well being. To understand human nature and the human mind, one may need to appreciate human needs and capabilities that have not been given due attention.

Homo sapiens are a social species, which means there are emergent organizations beyond individuals that contribute to the ability of our species to survive, reproduce, and care for our offspring sufficiently long that they too survive to reproduce. As a consequence, evolutionary forces have sculpted neural, hormonal, and genetic mechanisms that support these social structures. Among the possible consequences explored in this book are that: 1) people are not the entirely self-interested, short-term thinking, rational decision makers assumed by the mythical creature, *Homo economicus,* and 2) some of the amorphous dissatisfaction and chronic diseases that characterize contemporary society may be, in part, the consequence of the denial of the differences between the nature of these two beings. Existing scientific studies of religion have established the pervasiveness of religious beliefs and practices and an association between these beliefs or practices and physical as well as mental health. Religious beliefs and practices have also contributed to failures to heed life-saving medical advice and to the horrendous treatment of others. It will be through the serious investigation of such beliefs and practices, not through their denial, that we may ultimately be able to identify which aspects of these beliefs and practices are beneficial, for what individuals and in what contexts, and through what specific mechanisms.

Recent research has made it patently clear that William James (1890, p. 442, *2*) underestimated the faculties of human infants when he suggested that their first sensory experiences were a "blooming, buzzing confusion." But what James' sentiment did capture is the overwhelming complexity and uncertainty that exists in the child's environment, and the inherent difficulty in making sense of that complexity from scratch. Our drive to make meaning is irrepressible---and when we do not understand the forces that drive our actions, we invent narratives that make these invisible forces feel more predictable and understandable even if only in hindsight. But we do not do it alone.

Adults as well as children must explain the uncertainty and ambiguity of natural phenomena (calamities of weather, death and reproduction) as well as social phenomena (human agents) in order to operate effectively. But not all actions are perceived as being equivalent. Forces operating on objects to compel action, as when gravity causes rocks to slide down a mountain, are

viewed as external causes. Forces operating on human bodies to produce action, in contrast, are viewed as reflective of purpose, driven not only by external causes but, more importantly, by abstract reasons such as goals, aspirations, and destiny. The meaning-making proclivities of humans are so irrepressible that when external forces operate on human bodies to produce a significant impact on humankind, even the causes of the actions of these human bodies tend to be regarded in terms of more abstract purposes and reasons. The anthropomorphic description of hurricanes is a case in point.

Actions of objects have causes, whereas actions of humans have reasons. Invisible forces that operate on humans but that appear to operate independent of human agency have been the subject of religious speculations for centuries. These invisible forces include: internal neural and biological forces (e.g., homeostatic processes, autonomic activity) that exert regulatory forces which are largely hidden from conscious experience or control; strong emotions that seem to arise apart from conscious human intention (e.g., rage, fear, empathy); phenomena such as dreams or hallucinations that seemingly operate independent from the human will; motivations, biases, inclinations, predilections (such as anthropomorphism, ambiguity avoidance, preference for simple explanations, etc.) whose presence is so universal that, like language, the capacities for their development or expression may have an evolutionary basis; individual beliefs (such as the belief that there is a reality outside our head/we are not dreaming; the belief in human freedom; in values such as equality, etc), attitudes, preferences, goals, or intentions; aggregated beliefs that result in social norms, values, religion, culture, and social movements; and codified forces such as decrees, rules, alliances, and laws.

Before the enlightenment of the 18th century, many scholars believed that thought was instantaneous and that action was governed by an indivisible mind separate from the body. If a palpable cause for a person's behavior could not be identified, the Divine or some counterpart constituted a more agreeable explanatory construct than invisible forces acting through scientifically specifiable mechanisms. Unparalleled advances in the sciences have occurred since the dawn of the Enlightenment, including the development of scientific theories about magnetism, gravity, quantum mechanics, and dark matter that depict invisible forces operating with measurable effects on physical bodies. During this same period, serious scientific research on invisible forces acting within, on and across human bodies was slowed and underfunded in part because the study of the human mind and behavior was regarded by many in the public and in politics as soft and of dubious validity. The result is that many still regard the mind and behavior as best understood in terms of the actions of non-scientific agents, such as a god or gods, and the manifestations of mental illness as the result of a failure of individual will – a denial of the possibility that invisible forces (that is, forces that are tractable scientifically but of which a person is not normally aware) can affect mind and behavior.

One could try to explain away the gap in scientific knowledge about invisible forces by referring to the conception of science and religion as

systems of knowledge that are in opposition. This approach is common and evident in a spate of contemporary books that take the position that science and religion represent competing ways of understanding the world and that science (or religion) is the one and only valid way of understanding human behavior and the world around us (*3-8*). For instance, in *The God Delusion,* Richard Dawkins places specific Judeo-Christian theological doctrines under the scrutiny of science only to find that none passes scientific muster.

The vast majority of people from all educational backgrounds continue to harbor strong religious beliefs that affect their daily decisions and behavior, with both good and ill effects. These religious belief systems most commonly bump into scientific claims around invisible forces. When science opens up opportunities to improve the human condition by providing a more complete understanding of the causes of events, their measurable effects, and possible interventions– ranging from valid science education to medical advancements based on stem cell research – these opportunities are often threatened by the application of specific religious beliefs to these endeavors. Scientific research to understand religion and religious belief systems may be a more productive response than broad denouncements by scientists of any who hold such beliefs.

Conversely, when religion opens up opportunities for improving the human condition by questioning the emphasis on short-term self-interests at the expense of the collective, providing a more complete understanding of the human need to attribute meaning to events and their effects, and identifying possible interventions– ranging from the provision of tangible support to individuals in need, to the promotion of healthy lifestyles and ethical behavior– scientific research to understand these influences may again be a more productive response than broad denouncements by scientists that such beliefs are irrational. Indeed, the question of whether God exists is of much less scientific interest, and of much more questionable scientific merit (how would one scientifically falsify such a claim?), than the question of the causes, consequences, and underlying mechanisms for the observable human behaviors affected by invisible forces--- whether they be physical (gravity), social (groups), or *perceived* spiritual (gods).

Contemporary science explains many of these phenomena but also points to the human capacities and emergent processes that derive from collective social structures and actions and, underlying the emergence of these structures, the human need for meaning-making and connecting to something beyond oneself. The dominant metaphor for the scientific study of the human mind during the latter half of the 20th century has been the computer – a solitary device with massive information processing capacities. Computers today are massively interconnected devices with capacities that extend far beyond the resident hardware and software of a solitary computer. The extended capacities made possible by the internet can be said to be *emergent* because they represent a whole that is greater than the simple sum of the actions that are possible by the sum of the individual (disconnected) computers that constitute the internet. The telereceptors (e.g., eyes, ears) of the human brain have provided wireless broadband

interconnectivity to humans for millennia. Just as computers have capacities and processes that are transduced through but extend far beyond the hardware of a single computer, the human brain has evolved to promote social and cultural capacities and processes that are transduced through but that extend far beyond a solitary brain. To understand the full capacity of humans, one needs to appreciate not only the memory and computational power of the brain but its capacity for representing, understanding, and connecting with other individuals. That is, one needs to recognize that we have evolved a powerful, meaning making *social* brain.

Social species, by definition, create structures beyond the individual–structures ranging from dyads and families to institutions and cultures. These emergent structures have evolved hand in hand with neural and hormonal mechanisms to support them because the consequent social behaviors (e.g., cooperation, empathy, altruism, etc.) helped these organisms survive, reproduce, and care for offspring sufficiently long that they too reproduced. From an evolutionary perspective then, the social context is fundamental in the evolution and development of the human brain.

The observable consequences of these higher organizations have long been apparent, but we are only now beginning to understand their genetic, neural, and biochemical basis and consequences. To fully delve into these complex behaviors, science needs to deal with the invisible forces that shape human life, whether it is in the form of physical, biological, or psychological forces. For instance, anthropomorphism, the irrepressible proclivity to attribute human characteristics onto nonhuman objects to achieve meaning, predictability, and human connection, is beginning to be subjected to productive multi-level scientific analysis. Experimental studies have shown that manipulations which increase feelings of social isolation without the possibility of resolving these feelings through human interaction have the compensatory effect of increasing people's tendency to anthropomorphize, including heightened beliefs in God. This scientific work has implications for understanding claims regarding the success of religious practices such as solitude as paths to feeling closer God. Research on anthropomorphism has now identified developmental, situational, dispositional, and cultural factors that modulate people's tendency to anthropomorphize nonhuman agents ranging from technological gadgets to animals to gods, and the neural mechanisms underlying this transconfiguration of nonhuman objects into human-like agents are beginning to be revealed.

Guided by the insights from these new scientific theories of anthropomorphism, historical analyses may be worthwhile to determine whether concepts of god have changed across time and cultures such that god was created in the image of the believer rather than vice versa. Xenophanes (6th century B.C., cited in *9*), for instance, was apparently the first to use the term "anthropomorphism" when describing the similarities between religious agents and their believers, noting that Greek gods were invariably fair skinned and blue-eyed whereas African gods were invariably dark skinned and dark-eyed (joking that cows would surely worship gods that looked strikingly cow-like). Brain imaging research has confirmed

that anthropomorphism is associated with the activation of the same prefrontal areas that are active when people think about themselves or project themselves onto others.

Conclusion

Just as critically, the study of invisible forces requires a discussion of the method that successful teams use to work together as they cross disciplinary boundaries. Over the past few decades, there has been a demonstrable shift from the individual genius as the source of scientific and scholarly breakthroughs to interdisciplinary teams. This shift in the production of cutting-edge knowledge has been documented in all fields of scholarly activity, ranging from mathematics and theoretical physics to the humanities. This shift has both made possible and been necessitated by a need to understand complex behaviors. Although this project is primarily about the ways that scientists seek to study the impact of invisible forces, it will also reflect the methodologies that these researchers use so that their work is not constrained by common knowledge.

The philosophy of science also looks different when dealing with simple causality (one-to-one relations) than with complex causality. Affirmation of the consequent, a logical error in which a given cause for an effect is inferred based on the observation of the effect, does not lead to a scientific error when there is but a single cause for the observed effect. However, as scientific inquiry addresses increasingly complex phenomena, and increasingly complexly determined phenomena, the philosophy of science needs to become more nuanced.

A core challenge is to develop a "science" of identification and aggregation of these invisible forces at different levels. Related research questions include why they exist, and measures of robustness. One of our central goals is to demonstrate not only that considerations of these forces matter, but that that they can matter *a lot*.

There also are questions of value and ethics that could be implicated: descriptive knowledge, models, awareness of causal relationships, and so on, might not be enough to answer some kinds of questions, especially those related to value and purpose, which are the very energies that animate and invigorate real human systems. Economics comes close with its proxy measure of value based on the distribution of scarce resources and people's varying need for these resources. But this theory comes up short in many instances where other values are at play that are beyond markets, such as in assessing the value of a human life, or whether all lives are of equal value. It is an especially poor model for helping us understand something as simple as the value of articles of sentimental value, such as family photographs, which may have little or no market value at all. Thus, how do we best understand the "sentiments" that are important in the real world?

The members of the Network have worked beyond the boundaries of disciplinary borders, geographical precincts, and epistemological comfort zones to develop a rigorous but innovative approach to the study of the human mind, sociality, spirituality, health, and well being. The Network members represented in this book are Gary Berntson from Ohio State University, Don Browning from the

University of Chicago, John Cacioppo (Network Director) from the University of Chicago, Farr Curlin from the University of Chicago Medical Center, Jean Decety from the University of Chicago, Nick Epley from the University of Chicago Booth School, Clark Gilpin from the University of Chicago, Louise Hawkley from the University of Chicago, Tanya Luhrmann from Stanford University, Chris Masi from the University of Chicago Medical Center, Howard Nusbaum from the University of Chicago, Gün Semin from the University of Utrecht, Steve Small from the University of Chicago Medical Center, Kathryn Tanner from the University of Chicago, and Ron Thisted from the University of Chicago Medical Center. The biography of each along with an explanation for the essay each presents is provided at the beginning of each of their essays on invisible forces.

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From Selfish Genes to Social Brains

The Chicago Social Brain Network was established to examine how science might inform us about our fundamental human nature, including the apparently irrepressible quest for connection with a higher understanding and organization. Science can describe what religion does in rigorous ways that benefit religion, and religion can serve a meaning-making function that science itself disclaims. This is not to say that science can address the existence of God. Our Network instead focuses on the consequences of believing in such a mind and of seeing into that mind.

In the next chapter, John Cacioppo, a social neuroscientist, draws on work on evolutionary theory, sociobiology, and evolutionary psychology to examine the implications of the selfish gene hypothesis for *Homo sapiens*. He shows how the notion of the selfish gene has been joined with political theory, consumerism, and economics to produce a dominant modern image of humans summarized by the phrase "what is best for me is best for the society." Without rejecting the selfish gene view, Cacioppo shows how it evolves in humans into what he calls the "social brain"– a large cerebral cortex and an interconnected limbic lobule that together are sensitive to the complexities of physical and social environments. Central to this complexity is the long period of dependency of the human infant and the interdependencies of adult humans for survival especially in hostile environments (e.g., warfare). For the selfish gene to contribute its DNA to the ongoing gene pool, the individual must not only reproduce but also cooperate with others to assure that his or her offspring also grow to maturity and reproduce. This leads to natural selection choosing those genes and capacities that contribute to cooperation, reciprocity, attachments, and generosity. Over the millennia of human evolution, this process has created the social brain and made humans a unique social animal.

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automobiles, changing how we transported and consequently how and where we worked and lived; Charles Darwin who argued that the difference in mind between humans and other species, great as it is, is one of degree and not of kind; and Albert Einstein who surmised a relationship between energy and matter, opening a universe of possibilities that previously was virtually unimaginable. As a result, the cultural focus moved from a focus on the social group – the family, neighborhood, or society – toward the autonomous individual.

Forty years ago, the dominant metaphor for the human mind was the digital computer, complete with inputs, filing and memory systems, limited processing resources, and outputs. Evolutionary theory focused on the selfish gene and, by extension, on the individual whose purpose for living was to survive long enough to reproduce. Milton Friedman influenced economic theory and government policies for decades by positing that people, being fundamentally rational, are motivated first and foremost by self interests, and the adage of "united we stand, divided we fall" was supplanted by the notion that what is best for the me is best for the society. Moving from an economy based on manufacturing for the masses to one based on catering to idiosyncratic consumer interests further fueled a focus on the preferences of the autonomous individual.

One can certainly find evidence in humans and other species for the view of life being best understood in terms of self-interest. Sardines, for example, swim in what appears to be synchronized schools until approached by a predator, at which time they dart about so chaotically that they create what appears to be a large, tumultuous ball with a mind of its own. The rule governing the behavior of this dynamic and adaptive collective action can be explained entirely in terms of self-interests. Each fish is driven to swim to the middle, where it is less likely to be eaten by the hungry predator. Sardines are born with the capacity to swim, find food, and avoid predators. If they survive long enough to reproduce, their genes will be part of the gene pool for future generations. That is, if those who are genetically predisposed to swim to the middle are more likely to survive predation, then the genetic predisposition to swim to the middle will become a characteristic of a larger percentage of sardines in future generations.

The sardine ball is an example of a more general phenomenon, in which the choices made by members of a group endow the collective with properties that are consistent, predictable, and purposive enough that we can speak of them as "behaviors" of the group, even though the collective actions of the group are not directed by any of the individual members. This phenomenon can be called "emergent," because the properties or behavior of the group are not determined by any individual but arises from the collective behaviors of the individuals who constitute the group. Social structures like the sardine ball have evolved because the sardines whose genes compelled them to swim to the middle in the presence of predators were more likely to survive to reproduce, thereby contributing these genes to this species' gene pool.

According to the National Science Foundation's Tree of Life project, there are anywhere between 5 million and 100 million species on

Earth, only 2 million of which have been identified thus far. Most of the species identified are either born with the capacity to find sustenance and avoid predation sufficiently well that some survive long enough to reproduce, or they are born in such large numbers that some survive long enough to reproduce. It is the ability of such organisms to reproduce that determines what genes constitute the gene pool for the future generations of that species. These genes, in turn, shape the structure and function of the organisms that constitute a species. This reasoning led George Williams (*2*) to suggest a half century ago that traits (i.e., behavioral tendencies) which benefit the group at the expense of the individual would evolve only if the process of group-selection was great enough to overcome selection within groups. He further suggested that group selection is nearly always weak, so that group-related adaptations do not exist (*3*). Richard Dawkins (*1*) popularized the notion that traits which evolve are adaptive at the gene level through his use of the metaphor of the selfish gene. Genes serve their own selfish interests in the sense that whatever the contributions made by a gene, or set of genes, to an organism's structure and function would be passed on to the next generation if and only if the gene made its way to the gene pool. Survival of the fittest now had a biological basis.

United We Stand, Divided We Fall

Charles Darwin did not know that genes were the mechanism through which structures and behaviors evolved, but an important component of his original theory was the notion of survival of the fittest. Darwin was also puzzled by the observation that many individual organisms made themselves less fit so that the group might survive. Subsequent generations of evolutionary biologists realized that even though genes might act as if selfish, the *vehicle* responsible for the transport of these genes to the gene pool occasionally extended beyond the individual or parent to kin and even to unrelated members of groups. More specifically, in some cases the superorganismal structures formed by social organisms represent naturally selected levels of organization above individual organisms (*4*).

Consider the example of the Emperor penguin (*Aptenodytes forsteri)*. Emperor penguins typically reside near their food source of squid, shoaling fish, and small crustaceans but in early winter they gather into breeding colonies (rookeries) up to 60 miles inland in April and May during the Antarctic winter. They search for their mate from the previous year, and go through a courtship ritual before mating. The female lays only one egg in May or June, which coincides with the start of the bitter Antarctica winter. The Emperor penguins are thought to have developed this unusual winter breeding behavior to permit the chick to grow to independence the following summer, when food is plentiful. Ensuring the chick survives that long is a collective enterprise, with the vehicle responsible for the chick surviving long enough such that it too can reproduce not being solely the mother or the father but also the huddle.

The birthing of the egg leaves the mother depleted, so she must return to the seaside to feed while the father assumes responsibility for the incubation of the egg during the winter. An egg from an Emperor penguin will quickly freeze if left exposed to harsh winter conditions of the Antarctica, so the

transition of the egg from beneath the warmth and safety of the mother to atop the feet and under a fold of feathered abdominal skin of the father requires a bit of coordination on the part of the two. Even this is not sufficient for the genes of this pair to find their way into the gene pool. The conditions of the Antarctic winters are among the least hospitable on earth, with winter temperatures dipping below -60 degrees Celsius and winds reaching 120 mph. To protect themselves from the wind and cold, the male penguins huddle together, spending much of their time sleeping to conserve energy. In this harsh environment, survival of the chicks depends on the shared warmth and protection of the huddle, not the individual. The group as a whole is more likely to survive if each penguin and chick shares in the warmth and protection of the collective structure, which means selective pressures exist to promote cooperation to maintain the integrity of the huddle. More generally, for species born to a period of utter dependency, the genes that find their way into the gene pool are not defined solely or even mostly by likelihood that an organism will reproduce but by the likelihood that the offspring of the parent will live long enough to reproduce. As in the case of the Emperor penguins, one consequence is that selfish genes evolved through individual-level selection processes to promote social preferences and group processes, including reciprocal social behaviors, that can extend beyond kin relationships (e.g., *5*). Examples of such selection processes in humans exist, as well (e.g., *6, 7*).

The environmental challenges facing Emperor penguins, as daunting as they are, pale by comparison to the complexities facing the human species. Indeed, the social brain hypothesis posits that the social complexities and demands of primate species contributed to the rapid increase in neocortical (i.e., the outer layer of the brain) connectivity and intelligence (*8*). Warfare among ancestral hunter-gatherers appears to have contributed to group selection for human social behaviors, especially altruistic behaviors (*5*). As Darwin (1871) noted:

> A tribe including many members who, from possessing a high degree of the spirit of patriotism, fidelity, obedience, courage, and sympathy, were always ready to aid one another, and to sacrifice themselves for the common good would be victorious over most other tribes; and this would be natural selection. (p. 166)

Moreover, deducing better ways to find food, avoid perils, and navigate territories has adaptive value for large mammals, but the complexities of these ecological demands are no match for the complexities of social living (especially in hostile between-group social environments), which include: recognizing ingroup and outgroup members; learning by social observation; recognizing the shifting status of friends and foes; anticipating and coordinating efforts between two or more individuals; using language to communicate, reason, teach, and deceive others; orchestrating relationships, ranging from pair bonds and families to friends, bands, and coalitions; navigating complex social hierarchies, social norms and cultural developments; subjugating self-interests to the interests of the pair bond or social group in exchange for the possibility of long term benefits for oneself or one's group; recruiting support to sanction

individuals who violate group norms; and doing all this across time frames that stretch from the distant past to multiple possible futures (*9*). Consistent with this hypothesis, measures of sociality in troops of baboons have been found to be highly correlated with infant survival, and cross-species comparisons have shown that the evolution of large and metabolically expensive brains is more closely associated with social than ecological complexity (*9*).

Our survival depends on our connection with others. Born to the most prolonged period of utter dependency of any animal, human infants must instantly engage their parents in protective behavior, and the parents must care enough about their offspring to nurture and protect them. If infants do not elicit nurturance and protection from caregivers, or if caregivers are not motivated to provide such care over an extended period of time, then the infants will perish along with the genetic legacy of the parents (*10*). Our developmental dependency mirrors our evolutionary heritage. Hunter/gatherers did not have the benefit of natural weaponry, armor, strength, flight, stealth, or speed relative to many other species. Human survival depended on *collective* abilities, not on individual might.

Selfish Genes, Social Brains

It is the gene that is obligatorily selfish, not the human brain. Genes that promote behaviors that increase the odds of the genes surviving are perpetuated. One implication of this simple insight is that evolution can be viewed as the competition between genes using individuals and social structures as their temporary vehicles. The genetic constitution of *Homo Sapiens* in the long run derives not solely from the reproductive success of individuals, but also from the success of their children to reproduce. Hunter/gatherers who did not form social connections and who did not feel a compulsion to return to share their food or defense with their offspring may have been more likely to survive to procreate again, but given the long period of dependency of human infants their offspring may have been less likely to survive to procreate. The result is selection that strongly favors the ability to process information that could contribute to the formation and maintenance of social capacities and connections – that is, a social brain. These social capacities evolved hand in hand with genetic, neural, and hormonal mechanisms to support them because the resulting social behaviors helped humans survive, reproduce, and care for offspring sufficiently long that they too survived to reproduce (*11-13*). Relative to other animals, the striking development of and increased connectivity within the human cerebral cortex, especially the frontal and temporal regions, are among the key evolutionary developments in this regard. The cerebral cortex is a mantle of between 2.6 to 16 billion neurons with each neuron receiving 10,000 to 100,000 synapses in their dendritic trees (e.g., *14*). The expansion of the frontal regions in the human brain contributes to the human capacities for reasoning, planning, performing mental simulations, theory of mind, and thinking about self and others. The temporal regions of the brain, in turn, are involved with aspects of social perception, memory, and communication. The means for guiding behavior through the environment emerged prior to neocortical expansion.

The evolutionarily older systems also play a role in human information processing and behavior, albeit in a more rigid and stereotyped fashion. The intricately interconnected neocortical regions of the frontal lobes are involved in self control, which permits the modulation of these older systems and the overriding of organismal hedonistic impulses for the benefit of others (*15*).

Evidence across human history provides overwhelming support for the supposition that humans are fundamentally social creatures (*13*). Even in contemporary times in which autonomy is revered, the average person has been estimated to spend nearly 80% of waking hours in the company of others, most of which is spent in small talk with known individuals (*16*). These estimates have been supported in more detailed assessment using the day-reconstruction method to determine how people spend their time and how they experienced events in their lives on a daily basis (*17*). The results of these daily assessments indicate people spend only 3.4 hrs alone, or approximately 20% of their waking hours. The time spent with friends, relatives, spouse, children, clients, and coworkers is rated on average as more inherently rewarding than the time spent alone (*17*).

Respondents indicate that their most enjoyable activities are intimate relations and socializing – activities that promote bonding and high quality relationships, whereas their least enjoyable activities are commuting and working. These results are consistent with survey data. When asked "what is necessary for happiness?" the majority of respondents rate "relationships with family and friends" as most important (*18*), although we certainly do not always act like this is most important. It is surprisingly easy to overlook the evident.

Noticing the Unusual, Overlooking the Obvious

On January 15, 2009, US Airways Flight 1549 departed from New York's LaGuardia Airport for Charlotte, North Carolina when it struck a flock of geese during takeoff. Both engines were disabled, and the heavy aircraft quickly lost the power it needed to stay aloft, but Capt. Chesley Sullenberger somehow managed a controlled descent into the Hudson River. The media dubbed the ditching of the plane and the survival of all 155 passengers and crew the miracle on the Hudson, and Sullenberger was duly heralded as a hero. The ability to control the descent of an 84-ton plane without engine thrust is not something with which humans are naturally endowed. Sullenberger was not a novice, of course. He is a U.S. Air Force Academy graduate who flew F-4 fighter planes while in the Air Force, has 40 years of flight experience, and holds a commercial glider license and glider instructor rating. As remarkable as was his achievement relative to what one might normally expect in this situation, however, Sullenberger's efforts were not sufficient for the miracle on the Hudson to be achieved.

When Flight 1549 came to a stop in the frigid Hudson River, the passengers and crew scrambled to the wings and inflatable slides of their slowly sinking aircraft. Local commercial vessels from the New York Waterway and Circle Line fleets responded almost immediately, with the first of the vessels reaching the plane within four minutes. The crews of the various vessels worked together to rescue the passengers and crew of Flight

1549, and various volunteers and agencies offered medical assistance. These rescue efforts were not motivated by personal or commercial self-interests, and none of the commercial vessel captains was lauded as a hero. Their efforts received less attention because their actions were precisely what we expect of one another.

It is the unusual, not the commonplace, that is noticed. On March 13, 1964, Kitty Genovese parked near her home in Kew Gardens, New York, and proceeded to her residence in a small apartment complex. Winston Moseley, a business machine operator who later confessed that his motive was simply to kill a woman, overtook Genovese and stabbed her twice in the back. Genovese screamed, "Oh my God, he stabbed me! Help me!", a call that was heard by neighbors. When one neighbor shouted at the attacker, "Leave that girl alone," Moseley ran away. Genovese, who was wounded and bleeding, moved toward the apartment building slowly and alone. Moseley returned approximately 10 minutes later and searched for Genovese. Finding her nearly unconscious in a hallway of the building, he continued his knife attack on her and sexually assaulted her. The entire attack unfolded over about half an hour, and yet no one responded. The first clear call for help to the police did not occur until minutes following the final attack, and Genovese died in an ambulance en route to the hospital. The number of people who were aware of some aspect of the attack was estimated to be from a dozen to more than three dozen. One unidentified neighbor who saw part of the attack was quoted in a *New York Times* article as saying "I didn't want to get involved." (*19*). The notion that people might not go to the aid of another, even a stranger, in dire need led to public outrage. Decades of research led to the conclusion that the ambiguity of the situation and the diffusion of responsibility were contributing factors.

These two news stories illustrate, in very different ways, how invisible forces sculpted by evolution and cultivated by the environment act on our species. When commercial boat captains act against their own financial interests to rescue others on a sinking aircraft, we think nothing of it because we believe it is what any individual in the same situation would naturally do. When observers of a brutal attack do nothing to aid the victim, we are horrified because we believe it goes against who we are as a species. Humans are not motivated solely by self interests but rather we work together and help one another when in need. We survive and prosper in the long term through collective concerns and actions, not by solely selfish pursuits (*20*).

Danger Signals

The stories of the sardine ball and the penguin huddle suggest that it is dangerous to be on the social perimeter. Living on the perimeter threatens the lives and genetic legacy of humans, as well. Epidemiological studies have found that social isolation is not only associated with lower levels of happiness and well being but with broad based morbidity and mortality (*21*). Moreover, humans are such meaning-making creatures that perceived social isolation is at least as important a predictor of adverse outcomes on human health and well being as is objective social isolation (*22*). Writers may spend long periods by themselves, but the envisioned readers make this time feel

anything but isolated. High school graduates who leave family and friends for the first time to attend college, on the other hand, typically experience intense feelings of social isolation even though they are physically around more people than before they left home. Caspi and colleagues (*23*) found that *perceived* social isolation in adolescence and young adulthood predicted how many cardiovascular risk factors (e.g., body mass index, waist circumference, blood pressure, cholesterol) were elevated in young adulthood, and that the number of developmental occasions (i.e., childhood, adolescence, young adulthood) at which participants felt socially isolated predicted the number of elevated risk factors in young adulthood.

Perceived social isolation is known more colloquially as loneliness, which in early scientific investigations was depicted as "a chronic distress without redeeming features" (*24, p. 15*). Loneliness may feel like a painfully miserable, hopeless, and worthless state, but we have found it has a specific structure and a valuable adaptive function.

Research on the ways in which people describe themselves when asked the question, "Who are you?", reveals three basic dimensions (*25*): (1) *a personal, or intimate, self,* the "you" of your individual characteristics; (2) a *social or relational self,* which is who you are in relation to the people closest to you—your spouse, kids, friends, and neighbors; and (3) a *collective self,* the you that is the member of a certain ethnic group, has a certain national identity, belongs to certain professional or other associations, and a member of the fan club for certain sports teams. Similar to the relational self, this part of the self is social but what makes this self distinct is that these are broader social identities, linked to larger social groups rather than individual members of the groups. When we examined the dimensions underlying loneliness/social connectedness, we found the same three basic dimensions (*26*): (1) *intimate connection/isolation* refers to the perceived presence/absence of anyone in your life who affirms you as a valued person; (2) *relational connection/isolation* refers to the perceived presence/absence of quality friendships or family connections; and (3) *collective connection/isolation* refers to the perceived presence/absence of a meaningful connection with a group or social stimulus (e.g., school, team) beyond other individuals. When you perceive you are part of a valued group (collective connection), for instance, you may be more inclined to agree with other group members, even on beliefs that may seem irrational, than when you are thinking of yourself as a unique individual.

Given that human survival and prosperity depends on inclusion in and participation with a social group, especially in evolutionary time when food was scarce and dangers were common, there is an adaptive benefit to having the strong and aversive response of loneliness when an individual feels his or her social connections might be weakening or broken, just as there is a benefit to having aversive signals for other conditions critical for survival. Hunger, thirst, and pain have evolved as aversive signals to prompt an organism to change their behavior in a way that protects the individual and promotes the likelihood their genes will make their way into the gene pool. The social pain of loneliness has evolved similarly – to serve as a signal that one's connections

to others are weakening and to motivate the repair and maintenance of the connections to others that are needed for our health and well being as for the survival of our genes (*27*). Physical pain is an aversive signal that evolved to motivate one to take action that minimizes damage to one's body. Loneliness is an aversive signal that evolved to motivate one to take action that minimizes damage to one's social body.

People differ dispositionally in their sensitivity to the pain of social disconnection (i.e., feelings of loneliness; *28*) just as people differ in sensitivity to physical pain. Ostracism or objective isolation in most species is associated with an early death (*29*). In humans, the chronic feeling of social isolation, even when the person remains among the protective embrace of others, is associated with significant mental and physical disorders (*30*). Chronic hunger, thirst, and pain can also have deleterious effects for, like loneliness, their adaptive value lies in their effects as acute signals, not as chronic conditions. The opposite of feeling hunger, thirst, pain, or loneliness is feeling *normal*, and this is the state in which most people exist most of the time.

The social connections formed by humans need not be based on genetic similarities. The human species has evolved the capacity for and motivation to form relationships not only with other individuals but also with groups (e.g., a Chicago Cubs or Boston Red Sox fan) and nonhuman entities (e.g., through anthropomorphism, *31*). Team spirit and school spirit are familiar notions, and although team or school spirit refers to an invisible influence, it is an invisible influence that is no less open to rigorous scientific inquiry than are the invisible influences of gravity or magnetic flux. In the cases of team and school spirit, this influence represents a specific form of social connection between an individual and an emergent structure.

Perceived social connections are abstractions that can transcend time and space. People may feel a connection with their ancestors or family heritage even if they are the only remaining descendant, just as people can perceive personal connections with pets, cars, television characters, celebrities, and unseen spiritual entities with whom they do not actually interact. A potent component of spirituality (that does not depend on a specific religion) is the feeling of connection and purpose that come from forming a relationship with a higher being. A simple byproduct of our selfish genes and social brains may be our search for meaning in and connection with broader organizations or beings.

Conclusion

In 1939, the astrophysicist Sir Arthur Eddington published a book entitled *The philosophy of physical science* (*32*). In it he describes a hypothetical scientist who sought to determine the size of the various fish in the sea. The scientist began by weaving a 2-inch mesh net and setting sail across the seas, repeatedly sampling catches and carefully measuring, recording, and analyzing the results of each catch. After extensive sampling, the scientist concluded that there were no fish smaller than two inches in the sea. The moral of Sir Eddington's analogy is twofold. First, scientific instruments are shaped by people's intuitive theories of the phenomena to be investigated. Second, once developed, scientific expectations and instruments shape data and theory in ways more powerfully and fundamentally than are often appreciated.

What is the relevance of this to the story of the social nature of humankind? Our research findings have led me to believe that we all have made Eddington's error in the way we have thought about, studied, and tried to deal with an invisible force that motivates us to seek and maintain our connection with others – including the loneliness one feels when we feel important social connections are threatened or absent. Historically, the scientific perspective on loneliness was not only that it was a painful and miserable state, but that it was an aversive state with no redeeming features. All one needs to do is to reflect on the last time one felt terribly lonely, and one can appreciate the seemingly self-evident truth of this characterization. But as Sir Arthur Eddington's story shows us, the obvious and intuitive can sometimes be very misleading. It is now widely recognized that many structures and processes of the mind operate outside of awareness, with only the end products sometimes reaching awareness.

Humans have evolved to seek connections with and validation from other minds, and these social connections represent an important set of invisible forces operating on our brain and biology. The need for social connection extends beyond kin relations and beyond face to face relations to include felt connections with superorganismal entities such as teams, political parties, nations, and God. The unseen forces compelling these connections can be quantified and investigated objectively independent of one's spiritual beliefs. Underlying these aspirations are selfish genes that have produced a social brain which activates reward regions of the brain when we cooperate effectively with others (*33*) or punish the perpetrators of social exploitations (*34*), and which activates the pain matrix in the brain when we feel rejected by others (*35*). When people feel socially isolated (i.e., lonely) compared to when they do not feel lonely, they are more likely not only to perceive nonhuman objects as human-like but to believe in the existence of God (*31, 36*). To understand the full capacity of and forces operating on humans, we need to appreciate not only the memory and computational power of the brain but its capacity for representing, understanding, and connecting with other individuals and with the emergent structures, fictional and real, that the brain can represent. That is, we need to recognize that we have evolved a powerful, meaning-making *social* brain and a need for social connection.

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From Inclusive Fitness to Spiritual Striving

The notion of "selfish genes" (and, by extension, selfish organisms) was popularized in Richard Dawkins' 1976 book by that title. Not long afterwards, an article appeared in *Science* that presented evidence that the most vicious members of a warlike tribe in South America had the most wives and children. The underlying notion was one of (genetic) survival of the fittest: Those warriors who were particularly vicious were more likely to contribute their genes to the gene pool. Methodological objections have left this an open question, however, and new evidence now exists that calls this interpretation into question (1): the most aggressive warriors may have more children but they have *lower* indices of reproductive success than their milder brethren in part perhaps because the most aggressive warriors and their offspring are also more likely to be the targets of revenge killings. These new data are entirely consistent with John Cacioppo's argument that the content of the human gene pool has more to do with the reproductive success of one's offspring than one's own reproductive success. Cacioppo argued further that this genetic selection resulted in a social brain that seeks meaning and connection with individuals and with social entities (e.g., groups) that extend beyond other individuals.

In the next chapter, theologian Don Browning also embraces the concept of inclusive fitness and, through the writings of Thomas Aquinas, shows how religion serves the human need for meaning and connection through the ethics they advocate, the congregations they form, the institutions they represent, and the God they serve. In his view, religion serves to extend love and connection beyond kin. He further argues that new developments in the sciences and long-standing traditions in theology constitute fertile ground on which to build new and testable hypotheses regarding our fundamental human nature.

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Chapter 3[3]

Science, Religion, and a Revived Religious Humanism

For over 150 years there has been a vital, and often contentious, dialogue between science and religion. In recent years, new energy and fresh public interest have been injected into this conversation. This largely has come about due to the new insights into religion and ethics achieved by collaboration between evolutionary psychology and cognitive and social neuroscience.

What are the likely social consequences of this new interest in the relation of science and religion? There are at least three possible answers. One might be the new atheism exemplified by the writings of Richard Dawkins, Daniel Dennett, Sam Harris, and Christopher Hitchens.[1] In this approach, the alleged defective thinking of the world religions is exposed, and a worldview and way of life based strictly on science are offered as replacement. A second option might be the return of a hegemonic dominance of religion over science. However, polarizing rhetoric from advocates for the exclusive interpretive priority of either science or religion has long since ceased to be culturally or academically productive. Instead, through dialogue about common issues, scientific and theological thinkers may pose questions that lead to more sophisticated inquiry in both fields. Confidence in the productive possibilities of reciprocal questioning is a hallmark of the long tradition known as religious humanism. Here I illustrate the potential contribution of religious humanism by bringing recent psychological research into dialogue with the religious concept of love.

What would this religious humanism be like? The major world religions would remain visible and viable as religious movements. But the contributions of science would help these religions refine their interests in improving the health, education, wealth,

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In this essay, Browning acknowledges the antagonistic relationship that can be found between science and religion, but he proposes that the dialogue between science and religion can now be conducted on philosophical grounds that promote a new religious humanism that will honor the core ideas of the great religions, refine their view of nature, and increase the values of health, wealth, education, and general well-being.

and overall well-being of their adherents. In addition, the sciences would help them refine their grasp of the empirical world about which they are, like humans in general, constantly making judgments, predictions, and characterizations. In my vision, the attitude of scientists toward religion would be first of all phenomenological; they would first attempt to describe and understand religious beliefs, ethics, and rituals in their full historical context. But their interest in explaining some of the conditions that give rise to religious phenomena would not be inhibited by either religion or the wider society. There are several different approaches to phenomenology. The perspective that I recommend follows the "critical hermeneutic phenomenology" of Paul Ricoeur. Ricoeur advocates beginning the study of religion with a phenomenology – a careful description – of the person's or community's words, symbols, metaphors, and narratives used to communicate the meaning of a religious experience or practice. This view assumes that we cannot describe experience directly but rather that experience is always mediated by symbols and metaphors. But Ricoeur's phenomenology does not stop with a description of these meanings. It builds in a secondary place for science and explanation. It seeks through science to give explanatory accounts of the affects and motivations that humans bring to these words, symbols, and metaphors. If scientists followed Ricoeur's model, they would understand the importance of beginning with description, be hesitant to skip lightly over initial phenomenological meanings, appreciate yet grasp the limits of explanation, and be reluctant to plunge into speculations, such as those of the new scientific atheism, about the ultimate truth or falsity of religious phenomena.[2]

On the other hand, the religions themselves can contribute to the sciences. They can do this by offering hypotheses about how social and religious ideas, behaviors, and rituals can shape experience, even neural processes, often for the good but sometimes not. The religions can offer a more generous epistemology and ontology than science is inclined to find useful for the tight explanatory interests of the laboratory or scientific survey. This too might generate new hypotheses for scientific investigation. These would be some of the ground rules for how a dialogue between science and religion might stimulate a revived religious humanism.

Religious Humanisms of the Past

To speak of a revival suggests that there have been many expressions of religious humanism in the past when some form of science, philosophy, and religion creatively interacted. I will limit myself to speaking primarily about Judaism, Christianity, and Islam. A synthesis between Greek philosophical psychology and Christianity can be found in the use of Stoic theories of desire by the apostle Paul,[3] the presence of Aristotle's family ethic – with its implicit psycho-biology - in the household codes of Ephesians and I Colossians,[4] and the gospel of John's identification of Jesus with the Platonic and Stoic idea of the pre-existent "Word."[5] A more intentional religious humanism can be found in Augustine's use of the neo-Platonic Plotinus, especially in the philosophical psychology of remembrance developed in his *Confessions*.[6] But the most dramatic example of a religious

humanism that spread simultaneously into Judaism, Christianity, and Islam can be found when the lost texts of Aristotle were discovered, translated, and appropriated by scholars from these three religions who worked at the same tables in Islamic libraries in Spain and Sicily during the ninth and tenth centuries. Richard Rubinstein in his timely book titled *Aristotle's Children* (2003) tells the story well.[7] This gave rise to forms of Aristotelian religious humanism in the works of Thomas Aquinas in Christianity, Maimonides in Judaism, and Averroës in Islam. On the American scene, one sees another form of Christian humanism in the synthesis of philosophical pragmatism, with all its influence from Darwin, and expressions of liberal Christianity and the social gospel movement.[8]

Religious humanisms have not always flourished and are subject to attacks from both fundamentalists and scientific secularists. They need constant updating and vigorous intellectual development. But at their best, they make it possible for societies to maintain strong religious communities as well as integrating symbolic umbrellas that protect the productive interaction of the scientific disciplines with the wider cultural and religious life.

An Example: The *Agape, Caritas, and Eros* Debate

Few words in the English language have such a range of everyday meanings and of serious philosophical and theological consideration as the word love. For this reason, it is an excellent candidate for scientific investigation that has potential benefits for religious practice and everyday life. Although some theologians have sought to create a sharp division between "Christian love" and all other forms of love, the tradition of religious humanism proposes that science clarifies the workings of love in human societies and religion extends the scope of love beyond its most immediate domain of kinship.

There are three major tensions in theological discussions of Christian love. They center around the two Greek words *agape and eros* and the Latin word *caritas*. A famous book titled *Agape and Eros* (1953) written by the Swedish theologian Anders Nygren traced the debate through Christian history.[9] Nygren believed that the truly normative and authentic understanding of Christian love is found in the word *agape,* the Greek word used for Christian love in the New Testament. It refers to a kind of self-giving, even self-sacrificial, love that is only possible by the grace of God.[10] Nygren was particularly interested in arguing that Christian love did not build on what the Greek philosophers called *eros*. He claimed *eros* refers to the natural desires of humans to have and unite with the goods of life. This includes the goods of health, wealth, affiliation, and pleasure but it also includes the higher goods of beauty and truth. Nygren's point, however, was that Christian *love does not build on or incorporate eros* – the natural aspirational strivings of humans. He believed he found this view of Christian love in the New Testament (especially the writing of the apostle Paul) and Martin Luther, the giant of the Protestant Reformation.

Nygren was particularly interested in dismantling the classical medieval Roman Catholic view of Christian love that was often summarized with the English word charity or the Latin word *caritas*. Why

did Nygren oppose the *caritas* view of Christian love? The answer is that the meaning of love as *caritas* did exactly what Nygren thought Paul and Luther, his theological heroes, did not do. In the classic Roman Catholic view, love as *caritas* builds on *eros*. *Caritas* was seen to include natural desires for health and affiliation. But the *caritas* view of love also held that religious education and God's grace built on and expanded these natural inclinations to entail a self-giving benevolence to others, even strangers and enemies – an idea so central to the concept of Christian love.

All of this seemed too naturalistic for Nygren. It seemed to play down the importance of God's transforming grace. He joined other European neo-orthodox theologians of his day such as Karl Barth and Rudolph Bultmann in cutting off Christian love from *eros*,[11] which in effect was to cut Christian love from nature and desire – the very things scientists tend to study. Beginning with Nygren's strong view of *agape* and the strong supernaturalism of both Nygren and Barth, there was little room in these mid-twentieth century Protestant trends for a productive dialogue between Christian ethics and the new scientific advances in moral psychology, evolutionary psychology, and neuroscience.

At the same time, however, breakthroughs in these very disciplines have led to a new reassessment of the Catholic *caritas* model of Christian love. But before I review in more detail how this model worked, especially in the thought of the great medieval Roman Catholic theologian Thomas Aquinas, let me turn to review some of the moral implications of insights into kin altruism and inclusive fitness emerging today from evolutionary psychology and social neuroscience.

Moral Implications of Kin Altruism and Inclusive Fitness

As is well known, the idea of inclusive fitness was first put forth in 1964 by William Hamilton.[12] Hamilton's view of inclusive fitness holds that living beings not only struggle for their individual survival but for the survival of offspring and kin who also carry their genes. Their altruism is likely to be proportional to the percentage of their genes that others carry. This insight was further developed by the concept of parental investment. Ronald Fisher and Robert Trivers (1972) defined it as "any investment by the parent in an individual offspring that increases the offspring's chance of surviving…at the cost of the parent's ability to invest in other offspring."[13] These insights were at the core of the emerging field of sociobiology and were first brought to the wider public attention by E.O. Wilson's *Sociobiology: The New Synthesis* (1975).[14]

But the moral implications of the concept of inclusive fitness, parental investment, and kin altruism have received competing interpretations. Richard Dawkins in his *The Selfish Gene* (1976) turned these ideas into a defense of philosophical ethical egoism and argued that all altruistic acts are disguised maneuvers to perpetuate our own genes.[15] But there are other interpretations. Social neuroscientist John Cacioppo interprets our motives toward inclusive fitness and kin altruism as the core of human intergenerational care and the vital link between sociality and spirituality. In cooperation with his colleagues, his research on loneliness

uses evolutionary theory on inclusive fitness to order many of his findings. From the perspective of this model of basic human motivations, loneliness can be seen as a condition that "promotes inclusive fitness by signaling ruptures in social connections and motivates the repair or replacement of these connections."[16] According to his interpretation of inclusive fitness, our gene continuity is not assured by simply having our own children. Our children also must have children as well. And this is a challenge entailing long-term expenditures of energy. To account for this, Cacioppo writes something about human infant dependency that is very close to what both the Greek philosopher Aristotle and the medieval Roman Catholic theologian Thomas Aquinas set down many centuries earlier. Cacioppo says,

> For many species, the offspring need little or no parenting to survive and reproduce. Homo sapiens, however, are born to the longest period of abject dependency of any species. Simple reproduction, therefore, is not sufficient to ensure that one's genes make it into the gene pool. For an individual's genes to make it to the gene pool, one's offspring must survive to reproduce. Moreover, social connections and the behaviors they engender (e.g., cooperation, altruism, alliances) enhance the survival and reproduction of those involved, increasing inclusive fitness.[17]

According to this view, the twofold interaction between inclusive fitness and the long period of infant dependency has shaped humans over the long course of evolution into the social and caring creatures we are. Sociality is a fundamental characteristic of humans, and, according to Cacioppo, spirituality, in its various forms, is an extension of sociality. Religion is generally, although not always, good for our mental and physical health - our heart, our blood pressure, our self-esteem, and our self-control - just like having good friends and family or not being lonely are also good for our well-being.[18] Cacioppo and colleagues do not equate sociality and religion; they are fully aware that religions are complex phenomena with many different doctrinal, ethical, ritual, organizational, personal, and social features that require either rigorous experimental or clinical population studies to sort out, even from the perspective of how they affect health. Nonetheless, he seems to hold that the sociality that most religions offer is a key reason for their efficacy in human well-being.

Does Christian Love Build on Health?

But my concern is the topic of Christian love and not simply Christianity's contribution to mental and physical health. Although Jesus is said to have performed miracles of health, offering health in this world has never been at the core of Christianity or, for that matter, the other Abrahamic religions of Judaism and Islam. Bringing to maturity loving and self-giving persons has been the primary concern of Christianity, whether or not this contributes to health and well-being. But the question is, as I elaborated above, does Christian love build on *eros* - that is, our strivings for health and other goods - or come exclusively from some trans-natural source as Nygren believes the normative tradition taught? And did Christianity ever identify *eros* and our deepest motivations with

something like inclusive fitness and kin altruism?

Let me start with Aquinas. In the "Supplement" to his *Summa Theologica III,*

Thomas follows Aristotle and the Roman natural-law theorist Ulpian in asserting that humans share with all animals an inclination to have offspring. [19] Having said this, he then introduces a very modern sounding commentary on the uniqueness to humans of the long period of infant dependency. Notice the similarity of his argument to the words of Cacioppo above. Aquinas writes,

> Yet nature does not incline thereto in the same way in all animals; since there are animals whose offspring are able to seek food immediately after birth, or are sufficiently fed by their mother; and in these there is no tie between male and female; whereas in those whose offspring needing the support of both parents, although for a short time, there is a certain tie, as may be seen in certain birds. In man, however, since the child needs the parents' care for a long time, there is a very great tie between male and female, to which tie even the generic nature inclines. [20]

Although there is in this quote a description of how family formation emerges at the human level, there is an implicit argument for both the fact of human infant dependency and what we today call inclusive fitness as well. But these ideas are even more evident in the next quote, although stated very much from the male point of view, a habit typical of his time. Aquinas says, "Since the natural life which cannot be preserved in the person of an undying father is preserved, by a kind of succession, in the person of the son, it is naturally befitting that the son succeed in the things belonging to the father." [21] Aquinas's main source for this insight was Aristotle's *Politics.* In one place Aristotle wrote, " In common with other animals and with plants, mankind have a natural desire to leave behind them an image of themselves." [22]

However, in both Aristotle and Aquinas, such claims were not just about the importance of kin continuity, they were statements about the origin and need of long-term investments by parents at the human level. In contrast to his teacher Plato who, in his *Republic,* had advocated removing children from their biological parents in an effort to overcome the civil frictions created by nepotism, [23] Aristotle counters with an assertion about the origins of human care. Aristotle wrote, "That which is common to the greatest number has the least care bestowed upon it." He believed that in Plato's state, "love will be watery….Of the two qualities which chiefly inspire regard and affection – that a thing is your own and that it is your only one – neither can exist in such a state as this." [24] This is an assertion about the importance of kin altruism in human care.

Although Aquinas saw these natural inclinations as important for the formation of long-term human care, he believed that they were not sufficient for mature parental love. Powerful social, cultural, and indeed religious reinforcements were also necessary for stable parental investment to be realized. This, once again, is due, according to Aquinas, because of the many long years of human childhood dependency; human children need their parents for a very long period of time and over the course

of many contingencies and challenges. This leads Aquinas to develop his theology of marriage as a way of consolidating and stabilizing parental commitment, especially paternal commitment, to their dependent children. [25]

Although neither Aristotle nor Aquinas presented the full intergenerational scope of Cacioppo's interpretation of kin altruism and inclusive fitness – that it must extend to our children's children and not just our own – both perspectives comprehended the interlocking nature of kin altruism and the well-spring of care, long-term human commitment, and hence some of the rudimentary energies of human morality.

Of course, Aquinas and those who followed him supplemented these naturalistic observations with additional epistemological presuppositions that may seem strange to scientists. These included the idea that God works through nature as well as grace, hence God is present in the kin altruistic inclinations of parents and grandparents. He also assumed that in order for kin altruism to be stable, the additional social reinforcements of institutional marriage and God's strengthening grace and forgiveness were also needed. In addition, he held - and Christianity has always taught - that Christian love includes more than kin altruism and the care of our familial offspring; it must include the love of neighbor, stranger, and enemy, even to the point of self-sacrifice. For the Christian, this was made possible by the idea that God was the creator of all humans and hence each person was a child of God and made in God's image (*imago dei)*. For this reason, as Kant would say on different grounds, each individual should be treated "always as an end and never as a means only." [26] In Aquinas's view, acting on this belief, and with the empowering grace of God, made it possible for Christians *to build on yet analogically generalize their kin altruism to all children of God, even those beyond the immediate family, their own children, and their own kin.* These wider assumptions may be beyond the competence of science to assess. They entail a step toward metaphysical speculation of the kind science would do better to avoid. Nonetheless, in the view of Christian love developed in Aquinas, the seeds of a religious humanism – in this case a Christian humanism –began to form.

I have tried to illustrate how insights from Aristotle and Aquinas can join with insights from evolutionary psychology and social neuroscience to refine the Christian understanding of love. In pursuing this course, I join the work of Stephen Pope and others in presenting this option. [27] The kind of Christian humanism found in Aquinas makes it possible for Christianity to be enriched by the modern sciences of human nature. Aquinas's view is strikingly different from Nygren's representation of Paul and Luther when Nygren contends that Christian *love does not build on our own natural energies, but "has come to us from heaven*." [28] Or again, it is very different from Nygren's view when he writes that the Christian is "merely the tube, the channel through which God's love flows." [29] The complete discontinuity in this statement between the downward love of God and the natural extension to nonkin of human kin-altruistic impulses is stunning. And such a view as Nygren's precludes the possibility of a religious humanism of the kind I have been describing. And it

eliminates the possibility of the refinements to religious views of human nature that the conversation between religion and science can offer.

Conclusion

My argument has been that a revived religious humanism can come about through the dialogue between religion and science, particularly between religion and the psychological sciences. I have illustrated this with the issue of love in Christianity. I believe my argument could be illustrated with other religions, especially the Abrahamic religions of Judaism and Islam. As Aristotle's influence created a kind of religious humanism in these religions in the past, the broader dialogue between science and religion may be able to do this for them in the future.

But the contributions will not simply flow from science to religion. Even in this short essay, a question for science to investigate has arisen. It is this: how do religious and metaphysical beliefs extend the impulse of natural kin altruism, if at all? This goes beyond the issue of the relation of religion to health. It raises the question of the relation of religion to expansive love for the distant other. This is a good question that comes from taking the claims of religion seriously and an example of how religion can continue to feed and challenge scientific inquiry.

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The Status of the Body Politic and the Status of the Body Itself

In the long history of conversations between science and religion, starting points matter. As Don Browning demonstrates through the example of Thomas Aquinas, when religions start with a desire to understand human behavior, such as the long-term human commitment between parent and child, they recognize that science might illuminate and refine that understanding. And religion, in turn, might shape social institutions that not only enhance the human drive toward social connection but also imaginatively extend its influence beyond direct kinship to influence ethical relations with neighbor and stranger. By starting with a shared interest in understanding what Browning calls "the rudimentary energies of human morality," creative conversation between science and religion thus prompts a religious humanism, in which religion partners with science to shape models of fulfillment for human sociality.

Like Browning, Louise Hawkley starts with the human quest for social connection. As humans mature, Hawkley observes, they proceed from childhood dependence not toward independence but toward interdependence. But, whereas Browning pursued the implications of interdependence for the body politic, Hawkley wants to know the consequences of interdependence for the physical body. Her research focuses on the interplay between psychological and physical factors in the human sense of social connectedness, and Hawkley finds that "feeling wanted and accepted and like one belongs are as vital to our existence as the air we breathe. " A robust sense of social connection reverberates throughout the human body, and its absence—in loneliness—is likely to have long-term adverse effects on personal health.

Chapter 4[4]
Health by Connection:
From Social Brains to Resilient Bodies

We enter and leave the world alone, but at no time do we exist disconnected from others. The connection with the mother that begins *in utero* does not end with the physical severing of the umbilical cord but continues in a lengthy dependence on the mother or primary caregiver(s) for food and safety. Years are needed for the infant to reach physical and reproductive maturation, but as Cacioppo notes, even more importantly these years are needed for the infant to develop the social and emotional skills necessary for survival in a complex social world. We graduate from infantile dependence not to independence but to interdependence (cooperation, trust, reciprocity, etc.). That we are born to and for connection explains why feeling disconnected, isolated, and like we don't belong can be so painful. We call these feelings loneliness. Feelings of loneliness function like physical pain or hunger or thirst; they motivate us to alleviate the social pain and to repair our sense of connectedness. This is an important adaptive function of loneliness because people who feel connected fare much better than those who feel disconnected. They are not only happier but also healthier than their more lonely counterparts. As we will see, the power of felt connectedness reverberates throughout the human body. As was aptly stated by Frederick Buechner, "You can kiss your family and friends good-bye and put miles between you, but at the same time you carry them with you in your heart, your mind, your stomach, because you do not just live in a world but a world lives in you."[1] We tend to take for granted our sense of social connectedness, but that should not blind us to its powerful, albeit invisible, influence on our lives. Its impact is best exposed when we observe the effects of its absence (i.e., loneliness) on physical and mental health and well-being.

Loneliness is a Health Risk, but How?

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Hawkley finds awe in the significance of what it means to be a social species. Atul Gawande wrote, "We are social not just in the trivial sense that we like company, and not just in the obvious sense that we each depend on others. We are social in a more elemental way: simply to exist as a normal human being requires interaction with other people" (The New Yorker, March 2009). Hawkley believes that we are social beings to our cellular core, and even that does not capture the full extent of our sociality. For these reasons, she is increasingly uncomfortable with the term "loneliness," a term that is laden with popular definitions and understandings that only hint at the deeper significance of our social nature. As she shows, what the study of loneliness actually reveals is that feeling wanted and accepted and like one belongs are as vital to our existence as the air we breathe. Nothing kills like being denied a socially meaningful existence.

For research purposes, loneliness is typically measured on a continuum that ranges from not at all lonely (i.e., socially connected) to very lonely. It is informative, however, to get a sense of the prevalence of loneliness when assessed as present or absent. Loneliness is a common experience; as many as 80 percent of people under 18 years of age and 30 percent of people over 65 years of age report being lonely at least sometimes. For most people, feelings of loneliness are situational and transient (e.g., geographic relocation). For as many as 15-30% of the general population, however, loneliness is a chronic state, and it is among these individuals that loneliness wreaks its greatest havoc. In a study of children followed through young adulthood, those who were highly lonely at each of three measurement occasions (i.e., childhood, adolescence, and at 26 years of age) exhibited a significantly greater number of standard health risks. The chronically lonely individuals were more likely to have higher body mass index (BMI), elevated blood pressure, higher levels of total cholesterol, lower levels of "good" HDL cholesterol, greater concentrations of glycosylated hemoglobin (an index of impaired glucose metabolism), and poorer respiratory fitness than those who were lonely at only two or one of the measurement occasions.[2] In a study of older adults, loneliness predicted mortality over a 3-year period, and increased mortality was explained by the fact that lonely individuals had more chronic diseases and functional limitations.[3] Higher rates of mortality in lonely individuals do not appear to be attributable to inadequate healthcare utilization: even after accounting for the presence and severity of chronic illness, lonely individuals are actually more likely than nonlonely individuals to make use of health facilities and physicians.[4]

Most chronic diseases (e.g., hypertension, coronary artery disease, diabetes) are the result of the interactive influences of genetic, environmental, and behavioral factors on physiological functioning. How do feelings of loneliness penetrate to a level that affects disease risk? Plausible pathways include poor health behaviors, stress-related processes, restorative "anti-stress" processes, and even differences in patterns of gene activity. In general, physiological systems exhibit redundancies and compensatory processes that minimize the immediate health effects of adverse heritable, environmental, and behavioral factors. However, subtle changes in these predisease pathways can be detected prior to the onset of manifest disease and may indicate the beginnings of a steeper downward trajectory in resilience.[5]

Take health behaviors, for instance. Major risk factors for disease in Western society include high-calorie, high-fat diets, and sedentary lifestyles, each of which contribute to being overweight or obese. Feelings of loneliness have been associated with greater incidence of these predominantly lifestyle risk factors. In a large cross-sectional survey of adults 18 years and older, the lonely group had a higher mean BMI and a greater proportion of overweight/obese individuals than did the nonlonely group. Loneliness has been associated with lower levels of physical activity in every age group from grade school to middle-age adults. In the latter study, lonely individuals were also more likely to become inactive over time. Changes in health status also

predicted an increased likelihood of becoming inactive, but the effects of loneliness were independent of changes in health status. Similarly, individuals with fewer social connections (i.e., a smaller social network) were less likely to be physically active, but the effects of loneliness on physical activity did not depend on the size of the social network. The invisible force of loneliness seems to play a unique role in this particular predisease pathway.

Another commonly cited risk factor for disease is stress. In reality, "stress" refers to a family of predisease pathways, each of which may be vulnerable to the influence of lonely feelings. Loneliness is itself a source of stress, but lonely individuals also differ in their exposure to stressful events and circumstances. This is less evident in young adults than it is in older adults in whom loneliness was associated with having experienced a greater number of stressful life events in the past year (e.g., death in the family, marital crisis, change in employment status) and more sources of chronic stress (e.g., employment stress, marital stress).[6] In addition, lonely individuals perceive life as more stressful and less gratifying than their socially connected counterparts, even when objective indications are that lonely and nonlonely individuals do not differ in the types of activities and behaviors they engage in on a daily basis. Good quality social interactions typically ameliorate feelings of stress, but because lonely people perceive their interactions to be less positive than those of nonlonely people, they fail to derive the same benefit. Good coping strategies can also ameliorate feelings of stress, but lonely individuals are more likely to respond to stress with pessimism and avoidance than with optimism and active engagement. And to add insult to injury, loneliness increases sensitivity to and surveillance for social threats. Anxiety, low self-esteem, and fear of negative evaluation elicit self-defensive behaviors and effectively tax cognitive resources that would normally be available to meet the demands of daily life stress. Thus, what might naively be thought of as a circumscribed problem—the feeling of loneliness and isolation—may be seen by the sufferer as a world of inescapable threat.[7]

How might these cognitions and perceptions influence physiology and health? As Berntson shows in his chapter, the brain regions involved in emotional and perceptual processes are intimately related to brain regions involved in the regulation of physiological systems. This is particularly evident in alterations of the functioning of the cardiovascular system in lonely individuals. In young adults, this alteration is apparent in increased resistance to blood flow in small arteries throughout the body. Increased vascular resistance is a precursor and predominant contributor to age-related increases in systolic blood pressure (SBP), a major risk factor for cardiovascular disease. In middle-aged adults, SBP is significantly higher in lonely adults than in their nonlonely counterparts. Moreover, loneliness accelerates the rate of increases in SBP,[8] indicating a faster decline in physiological resilience and a heightened risk for chronic cardiovascular disease. It's as though loneliness accelerates the aging process.

By virtue of extensive interconnections among the brain, peripheral nervous systems, and endocrine glands, the feelings of isolation and loneliness have a broad and

deep reach. The hypothalamus plays a key role in enabling communication from brain to periphery. Located in the lower central region of the brain, the hypothalamus receives neural input on brain and body states (e.g., pain, sadness, fear, hunger) and in response signals brain regions that control the autonomic nervous system and the pituitary and adrenal glands. Signals to the autonomic nervous system permit modulation of heart rate, blood pressure, and numerous other factors that serve to maintain homeostasis. Signals to the pituitary gland (located at the base of the brain, just below the hypothalamus) prompt the release of hormones that ultimately permit modulation of almost every endocrine gland in the body, including the adrenal glands (one is situated on top of each kidney). The adrenal glands serve many functions, and one is to produce and secrete cortisol. Cortisol is frequently referred to as a "stress hormone" because circulating levels increase dramatically in response to any stimulus that requires, or might require, metabolic resources. Thus, cortisol increases blood sugar levels, increases blood pressure, and reduces immune responses and inflammation (hence the use of cortisone cream or injections to control inflammation of the skin after exposure to poison ivy). This complex web of physiological links may seem far removed from feelings of social isolation, but loneliness has repeatedly been observed to be a risk factor for elevated levels of cortisol, especially in the morning. For instance, in middle-aged adults, the more intense the degree of loneliness reported at day's end over the course of three days in everyday life, the higher the spike in cortisol the subsequent morning. The conundrum is that loneliness is associated with increased risk of chronic conditions that are characterized by heightened inflammation (e.g., atherosclerosis, elevated cholesterol levels, heart disease, diabetes, and even cognitive impairment). If cortisol dampens inflammation, why might elevated levels of cortisol in lonely individuals be associated with more rather than less inflammation?

It turns out that communication among the hypothalamus, pituitary gland, and adrenal glands becomes dysregulated when chronically stimulated. Whereas cortisol effectively dampens immune and inflammatory responses on an acute basis, when circulating cortisol levels are chronically elevated, cells become resistant to its immunosuppressant and anti-inflammatory effects. This alteration happens at the level of DNA where the actions of genes in each cell of our body can be turned on (i.e., expressed) or off. Recent evidence suggests that the effects of loneliness reach down to this level. Circulating leukocytes (white blood cells) from a small group of chronically lonely adults showed decreased expression of glucocorticoid response genes relative to expression rates in a matched group of socially connected adults. These genes are important because they activate the production of proteins that "hear" the anti-inflammatory signal sent by cortisol. Thus, despite higher levels of circulating cortisol in the lonely group, the cortisol signal may still not be heard. The lonely group also showed increased expression of genes carrying pro-inflammatory elements which, together with reduced expression of glucocorticoid response genes, provides a functional genomic explanation for elevated risk of

inflammatory disease in individuals who experience chronically high levels of loneliness.[9]

The effects of loneliness are not limited to an increase in health-threatening processes. Loneliness has also been associated with a decrease in health-restoring processes. Sleep is the quintessential example. Much of what feels stressful and depressing at the end of a long day is perceived differently following a good night's sleep. Good quality sleep is the clincher. Lonely and non-lonely individuals do not differ in the amount of sleep they get, but lonely people have poorer sleep quality than do non-lonely people. They experience more micro-awakenings during the night and they awake feeling more tired and less capable of meeting the demands of the day. Poor sleep has been associated with elevated blood pressure and cardiovascular mortality, and this may help to explain the poorer health outcomes of chronically lonely individuals. In short, lonely days extend into the nights and lessen the restorative nature of sleep.

Loneliness and Health: It's Not Just Peripheral

From this sampling of the widespread effects of loneliness on health, lifestyle behaviors, physiological functioning, genetic transcription, and sleep quality, it should be clear that the invisible power of felt isolation has long tentacles that have the potential to influence all of physiology. Not only physical health, but also cognitive health is compromised. Indeed, one of the most sobering findings of recent years is that loneliness places people at risk for impaired cognition and dementia.[10] In a 4-year prospective study of initially dementia-free older adults, the risk of Alzheimer's Disease was more than twice as great in lonely than in nonlonely individuals. In addition, loneliness was associated with lower cognitive ability at baseline and with a more rapid decline in cognition during the 4-year follow-up. Similar results were reported for a sample of 75-85-year-old individuals over a 10-year follow-up.

The effects of loneliness on cognition are evident at an even more fundamental level.[11] Self-regulation, or the ability to regulate one's attention, cognition, emotion, and/or behavior to better meet social standards or personal goals, is impaired in lonely individuals. For instance, among young adults, instructions to shift auditory attention from the dominant right ear to the non-dominant left ear resulted in impaired performance in lonely relative to nonlonely individuals. Loneliness also alters emotion regulation. In middle-aged and older adults, loneliness was associated with a diminished tendency to capitalize on positive emotions, and this explained why lonely individuals were less likely than nonlonely individuals to engage in physical activity. Impaired cognitive regulation is evident in experimental studies that manipulate feelings of isolation. Participants who receive feedback that induces a sense that they are doomed to a future of social isolation perform significantly worse on tests of reasoning, behave more aggressively, and choose more tasty but unhealthy foods than other participants who receive feedback indicating a future of social connection or bad feedback of a non-social nature, namely that their future will consist of general misfortune.[12] There seems to be something uniquely threatening about the prospect, and the reality, of feeling

isolated, disconnected, and like one doesn't belong.

In terms of emotional health, the prospect for lonely people is increasing misery, at least over the short term. Loneliness and depressed affect tend to be thought of as synonymous, but the two are conceptually and empirically distinct. If loneliness and depression were synonymous, increases in loneliness would have no capacity to predict increases in depressive symptoms because increases in one would be exactly paralleled by increases in the other. Instead, longitudinal data have shown that loneliness predicts an increase in depressive symptoms but depressive symptoms do not predict an increase in loneliness over a one-year interval.[13] Importantly, the influence of loneliness on depressive symptoms was not attributable to fewer social connections, general negativity, stress, or poor social support. These data suggest that the relevant intervention target is loneliness, and that modifying the cognitions, perceptions, and expectations of the lonely individual could help improve quality of life and overall well-being.

Social Connectedness: Invisible Forces Made Visible

At this juncture, having become acquainted with the burden of loneliness, it is helpful to remember that most people, most of the time, feel socially connected. They derive satisfaction and meaning from their social relationships, and this makes them happier and more satisfied with life. Interestingly, happiness leads to higher levels of relationship satisfaction, indicating that happiness and relationship satisfaction feed forward to foster spirals of increasing happiness and relationship satisfaction. The general positivity that ensues from happiness is also apparent in the effects of happiness on income. Happiness predicted increases in household income over a 2-year period in middle-aged adults. However, relationship satisfaction also predicted increases in household income over this time period and, remarkably, relationship satisfaction helped to explain the effect of happiness on income. It seems that happy people experience increases in income in part because of the general good will that surrounds the socially contented individual and that elicits tangible and intangible positivity from others.

It is perhaps precisely because most people feel socially connected and happy that we take for granted the invisible force of social connectedness and its stabilizing and nurturing influence in all aspects of life. Only in its absence do we begin to comprehend its power. Western notions of the autonomous individual notwithstanding, human beings are "wired" for social connections and need social bonds to feel safe, valued, motivated, and competent.[14] Among the lamentations expressed by some in Western societies is a concern that our autonomy and independence come at the expense of meaningful social relationships and a sense of belonging to a larger social unit. Family members are no longer obligatorily part of our social community, while Facebook friends, some of whom we know only through electronic media, are deemed essential to fulfilling our need for a sense of connectedness and belonging.[15] The broadening of our social worlds has not been accompanied by maintenance, much less improvement, of the quality of our social relationships. One national study showed a threefold increase

between 1985 and 2004 in the number of Americans who reported no one with whom to discuss important matters.[16] We are a meaning-making species, and relationships that offer security, comfort, trust, and pleasure, even if interactions are relatively infrequent, are much more effective at fostering a sense of connectedness and belonging than are more friends or more frequent interactions that fail to meet these standards. The challenge, especially for those of us who live in Western society, is to recognize that the invisible force of social connectedness has benefits for health and well-being that we ignore at our peril.

Conclusion

The research on loneliness highlights the need for and benefits of human connections, but it speaks even more directly to the role of beliefs about our connections. Loneliness, after all, is not about how many social relationships a person has, but is about a belief that the existing social relationships fail to satisfy a desired sense of social connectedness. All human relationships have a tangible existence in physical interactions and an invisible existence in mental representations and beliefs. This human capacity expands the range of possible relationships. For instance, humans form meaningful connections with pets, with television characters whom they have never met, and with deities who lack a material existence. We have seen the health impact of the invisible force of loneliness; do different kinds of invisible forces have different effects?

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From Relationships to People and Groups to Relationships with God

The extent and quality of our social connections can have profound consequences for our physical well-being. In her essay, Louise Hawkley explores in particular the consequences that feelings of inadequate social connection have on such physical outcomes as sleep quality, high blood pressure, reduced ability to respond to inflammation, cognitive health in aging, and cardiovascular health. While Hawkley emphasizes the relationship between the invisible forces of social connection and health and the biological mechanisms responsible for this relationship, Gary Berntson takes things one step further by exploring a person's perceived connection with God and its effects on our basic biological systems. Many of our basic biological processes, such as breathing or maintaining sufficient blood pressure to oxygenate the brain, are reflexes that are so automatic that they become invisible to us. Berntson shows that thoughts and beliefs alter not only behaviors, but also the regulation of these reflex-like mechanisms. And he suggests that the root of these effects may lie in the way that humans and other animals maintain biological equilibrium with regulatory mechanisms that, under ordinary circumstances, keep each other in check. This theory describes a biological mechanism that could explain why spirituality is associated with generally better health.

Chapter 5[5]

Psychosomatic Relations: From Superstition to Mortality

People have many sources of information, knowledge and understanding. We consider the most common of these to be empirically acquired, learned facts, relations, associations, and perceptual and motor skills. Such learned associations serve as powerful determinants of thought and behavior. But other sources of information and knowledge also affect our interaction with the environment, including reflex-like (constitutionally endowed) circuits that are independent of explicit learning. Examples include central networks for pain withdrawal, hunger circuits for the ingestion of essential nutrients, social affiliation networks, and neural systems that promote maternal bonding. Each of these sources of information or knowledge can impact thoughts and beliefs, and thoughts and beliefs can impact behaviors and other bodily functions.

> "…a Maori woman who, having eaten some fruit, was told that it had been taken
>
> from a tabooed place; she exclaimed that the sanctity of the chief had been profaned
>
> and that his spirit would kill her … the next day … she was dead."(1)

> "I have seen a strong young man die …. the same day he was tapued
>
> (tabooed); the victims die under it as though their strength ran out as water. . ."(1)

A superstition is a belief, based not on reason or knowledge, but on legend, magical thinking, or other non-rational basis. Beliefs color the way we perceive the world, they direct and shape our actions, and define our personalities. Beliefs are powerful determinants of action. A useful illustration of the power of beliefs comes from the parable of the

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Berntson begins with the fact that knowledge, thoughts and beliefs can influence our behaviors. Behaviors, of course, are physiological processes entailing neural operations and muscular actions. Here we see a clear intersection between the psychological domain on the one hand (knowledge, thoughts and beliefs) and the physical domain (neuromuscular effector systems) on the other. But mind-body relations extend beyond the observable actions or skeletal muscles. The mind and its organ, the brain, also impact powerfully on internal bodily functions associated with the autonomic nervous system, the endocrine system, and the immune system, to name just a few. Through these interactions, psychological processes can be translated in outcomes that have powerful significance for adaptation and health. Berntson explores the processes by which thoughts can manifest in fundamental changes in internal physiology and health.

Sultan (who had studied psychology) and his "lie-detecting" donkey. Lore has it that the Sultan was missing a valuable vase from his estate and suspected that one of his servants had stolen the piece. To identify the culprit, the Sultan gathered his servants in front of a dark room in which a donkey was tied, and then asked each of his servants if they had stolen the item. Each said "no". The Sultan explained that inside the room was a magical donkey, specially trained to detect liars, who would bray when slapped by someone who had lied. The servants were sent into the room, one by one, and were instructed to close the door, slap the donkey and return. "When the donkey brays," the Sultan proclaimed, "I will have my culprit". The first servant was sent into the room and returned shortly thereafter--tremendously relieved as the donkey had not brayed. One by one, the remaining servants entered the room and returned. The donkey had not brayed and all the servants looked quite relaxed. The Sultan was sanguine -- he knew this donkey never brayed under any circumstances. The Sultan asked the servants to show him their hands. He then pointed to one of them and declared "we have our thief," instructing the guards to take him away. How had he identified the culprit? Rather than relying on a magical donkey, the Sultan, who recall was a student of psychology, took a more rational approach. Understanding the impact of beliefs on behavior, the Sultan had surreptitiously infiltrated powdered charcoal into the donkey's hair. When the servants slapped the donkey, the charcoal marked their hands—with the exception of the guilty servant who had not slapped the donkey, out of a belief and associated fear that the donkey could detect a liar!

Power of Beliefs

Beliefs may be potent determinants of behavior, but can they kill? And if so, how? How can these invisible, intangible entities impact health? In a now classic article published in the *American Anthropologist* in 1942, Walter Cannon, a leading Harvard physiologist and expert on the autonomic nervous system, proposed an answer (1). Investigating phenomena such as voodoo practices of the Haitians and "bone-pointing" among Australian aborigines, Cannon found a common feature among the victims of such rituals was a strong belief in the curse and an associated morbid fear of the outcome. That fear, he argued, could trigger a "fight-or-flight reaction" (a phrase he had earlier coined), characterized by powerful and exaggerated activation of the sympathetic nervous system. The resulting vascular constriction diminishes blood flow to critical tissues (i.e., ischemia), with consequent hypoxia (decreased oxygen) and disturbances in normal metabolism and cellular function. These reactions may be exacerbated by the lack of food and water as the victim "pines away." Cannon argued that these reactions could become life-threatening—fulfilling the gruesome legacy of the ritual—based on a belief in the supernatural, the veracity of which is largely irrelevant. More relevant is the emotion triggered by the belief, specious as it may be.

Beliefs and emotions have consequences, both behavioral and physiological. A recent example comes from the contemporary medical literature. There is now a well-documented condition, sometimes triggered by something as innocuous as a spousal argument or a surprise birthday party, which entails the hallmark clinical

and physiological features of a heart attack, including chest pain, abnormalities on the electrocardiogram, and elevated cardiac enzymes (reflecting damaged heart muscle) (2). The condition has variously been termed *takotsubo cardiomyopathy*, *left-ventricular apical ballooning*, *myocardial stunning*, *stress cardiomyopathy*, or in the more vernacular parlance of the New York Times, *broken heart syndrome* (prompted by a medical review that was published just before Valentine's Day). In general accord with the speculation of Cannon, broken heart syndrome appears to be triggered by an exaggerated autonomic nervous system response, characterized by sympathetic activation and high levels of the stress hormone epinephrine (adrenalin) (3). It is important to note in these cases that psychological states, as mild as they may be, are able to induce a clear and demonstrable organ pathology.

Physiological abnormalities or dysfunctions underlie medical conditions, and indeed, constitute the defining features of disease states. An important question, however, is how those dysfunctions come to be. There are many ways in which disease develops – traumatic injuries, biotic infections, degenerative conditions – and the list goes on. The fields of psychophysiology, psychosomatic or behavioral medicine, and health psychology are particularly concerned with how psychological and behavioral factors impact physiological systems and thus health. Of particular interest are those psychological dimensions that uniquely impact physiology.

An example comes from the study of Herpes Simplex viral infections. Herpes Simplex viruses are responsible for cold sores (HSV type I) and genital herpes (HSV type II). Once contracted, herpes virus infections generally remain for life, although they are characterized by periodic eruptions and remissions. During the latter, the immune system effectively dampens viral activity and the virus retreat to a more or less dormant state. Although multiple factors likely contribute to the reactivation of HSV, one trigger appears to be stress—the defacing cold sore that erupts, for example, just before the prom or an important date. Ohio State researchers sought an animal model of this reactivation, so the underlying links and mediators could be studied. Try as they might, however, the research group was unable to reactivate HSV infections in mice with standard laboratory stressors, such as restraint-stress or shock. In a collaborative effort, we pointed out that the stressors that lead to HSV reactivation in humans were often of a social nature. Indeed, for both humans and mice, social relations are central to happiness, adaptation and even survival. In light of this, a social stressor was introduced into the project (changing the housing groupings and thus disrupting established social relations). The social stress, but again not physical stressors, resulted in significant HSV reactivation (4). Psychological factors, and in this case a specific social psychological variable, uniquely impacted an important aspect of viral immunity. This early finding led to a series of studies that have elucidated physiological pathways that mediate the relationship between social stress, immune function and HSV reactivation. But, what is it that makes social stress unique and distinct from physical stressors?

We have identified a probable general contributor to the differences

between lower-level physical or homeostatic challenges and higher-level psychological and social stressors. Basic homeostatic reflexes, reflexes that keep in balance various critical bodily processes such as blood pressure, body temperature, and blood sugar, are largely hard-wired and organized at relatively low levels of the nervous system, such as the brainstem and spinal cord. An example comes from autonomic nervous system regulation of cardiovascular function. The sympathetic division of the autonomic nervous system is an activational, energy mobilization system that comes into play in the face of adaptive challenges. Sympathetic activation increases heart rate and results in peripheral vasoconstriction, both of which tend to increase blood pressure. In contrast, the parasympathetic division is an energy-conserving, deactivational brake that generally opposes the sympathetic system, yielding decreases in heart rate and blood pressure. The baroreceptor heart rate reflex is a homeostatic reflex that functions to maintain blood pressure within homeostatic limits. Unique pressure sensitive receptors in the heart and large arteries detect changes in blood pressure, and a decrease in blood pressure triggers the baroreceptor heart rate reflex, increasing sympathetic activity and reciprocally decreasing parasympathetic tone. Both effects serve to increase heart rate (and thus cardiac output) and constrict arteries throughout the body, thereby restoring the pressure perturbation. In basic reflexes, the two autonomic branches are generally regulated in this reciprocal fashion, and thus synergistically amplify the effects of the other. This is a useful mechanism to adjust to severe adaptive challenges such as a decrease in blood pressure and compromised circulation.

Although this reciprocal mode of regulation of the autonomic branches has considerable utility, and is characteristic of basic reflex organizations, it may not always be optimal. The autonomic nervous system provides the basic support for action and adjustment, and although it figures prominently in survival related functions, it also provides the basic visceral support for emotional and cognitive operations as well. It has long been recognized that cognitively demanding tasks elicit greater autonomic activation than is needed to meet the metabolic demands of the tasks. Moreover, ascending neural signals to the brain from visceral organs such as the heart and blood vessels serve to modulate and regulate cognitive activities (5). The notable early psychologist, William James, proposed that emotion is the experience of somatovisceral sensory feedback. James suggested that we do not run from the bear because we are afraid, but rather we are afraid because we run from the bear (6). Although the strong form of this theory has not been supported, it remains the case that ascending visceral signals can modulate learning, attention, and cortical/cognitive processing (5). The autonomic nervous system is not only for lower level reflexive adjustments. Indeed, it is increasingly recognized that there is a highly complex, even intricate, interaction between the autonomic nervous system and higher level brain structures (e.g., frontal cortex) involved in human behavior. Importantly, these circuits and their interactions with the autonomic nervous system are highly flexible and are not constrained by the simple organization rules that govern basal functions such as homeostasis and

reciprocal control of the autonomic branches. Rather, higher level systems engage in highly sophisticated "banter" with the autonomic nervous system.

In contrast to the reciprocal control characteristic of autonomic reflexes, higher level brain circuits exert more flexible control over the autonomic nervous system. This can include the classic reciprocal control pattern, but can also include an independent control pattern in which only the sympathetic branch or only the parasympathetic branch of the autonomic nervous system is activated, and a coactive control pattern in which both branches are activated. This greater flexibility in control may have behavioral and health significance.

Beliefs about One's Relationship with God and Autonomic Functioning

Recently, we used a population-based sample of 50-68-year-old adults in the Chicago Health, Aging and Social Relations Study to examine risk factors for heart attack, a health outcome known to be influenced the autonomic nervous system. We were particularly interested in whether spirituality influenced risk for heart attack. With very few exceptions, everyone in our sample expressed a belief in God. However, individuals differed in how they perceived the quality of their relationship with God, much as individuals differ in how they perceive the quality of their relationships with other people. We defined spirituality as the degree to which a personal relationship with God was believed to offer safety, security, contentment, and love. One observation that emerged from this study was that spirituality was associated with a lower incidence of heart attack (7). This remained true after ruling out the effects of demographics, health behaviors, body mass index, blood pressure, and other potential explanatory factors. Short of divine intervention, was there a rational explanation for this relationship? We certainly know that psychological factors can impact autonomic control, among other aspects of physiology.

As considered above, when extreme or prolonged, sympathetic activation may have harmful consequences. Heightened sympathetic activation is known, for example, to predict a poorer outcome after heart attack. In contrast, parasympathetic activity may have beneficial or protective effects. From the perspective of a reciprocal model of autonomic control, high parasympathetic/low sympathetic control would be optimal whereas high sympathetic/low parasympathetic control would be considered a risk. But we also know that higher level neurobehavioral systems may not be constrained to reciprocal autonomic controls. Moreover, it has been argued that more autonomic control is better than little control, in that if affords greater capacity for adjustment of visceral functions. Could high levels of parasympathetic control, for example, mitigate the negative effects of sympathetic activation and perhaps yield an even more advantageous health outcome?

To examine these questions, we developed two quantitative measures of autonomic control (7). The first was a common metric of autonomic balance (Cardiac Autonomic Balance), which represents the relative dominance of the two branches along a single autonomic continuum that ranges from purely parasympathetic control to purely sympathetic control. This metric is consistent with the classical model of

reciprocal control, characteristic of reflex processes, where autonomic balance can be biased toward one or the other of the autonomic branches. High scores indicate sympathetic dominance and low scores parasympathetic dominance. Independent estimates of sympathetic and parasympathetic control were obtained using standard measurement procedures, and the level of parasympathetic control was subtracted from sympathetic control to derive a measure of Cardiac Autonomic Balance. A second metric was designed to capture an alternative mode of autonomic control (Cardiac Autonomic Regulation) that assesses the degree of relative coactivation (rather than reciprocal activation) of both branches. This is a metric that taps into the non-reciprocal regulatory influences of higher neural structures. Cardiac Autonomic Regulation scores were derived by essentially summing activities of the sympathetic and parasympathetic branches to afford a measure of total overall autonomic cardiac control. High scores indicate high activation and low scores indicate low activation of both branches of the autonomic nervous system.

In the 50-68-year-old adults in our sample, spirituality was found to be associated not only with a lower incidence of heart attack, but a higher level of Cardiac Autonomic Regulation. That is, people who felt closer in their relationship with God exhibited higher overall autonomic regulation—both sympathetic and parasympathetic. This was associated, in part, with lesser diminution of parasympathetic control and a greater degree of coactivation. Moreover, Cardiac Autonomic Regulation (but not Cardiac Autonomic Balance) predicted better overall health status and was associated with a lower incidence of heart attack. Participants who had low Cardiac Autonomic Regulation were more likely to have suffered from a heart attack.

Could higher Cardiac Autonomic Regulation scores explain why spirituality was associated with less risk for heart attack? That is, could a pattern of autonomic regulation associated with spirituality explain the link between spirituality and heart attack? In order to address this question, we conducted statistical tests of these linkages. As we already knew, both spirituality and Cardiac Autonomic Regulation are associated with a lower incidence of heart attack. When the predictive effects of spirituality were statistically extracted, Cardiac Autonomic Regulation continued to be a significant predictor of a lower incidence of heart attack. However, when the linkage test was reversed and the effects of Cardiac Autonomic Regulation were extracted, spirituality was no longer a significant predictor. This indicates that Cardiac Autonomic Regulation is a plausible mediator that may explain the relationship between spirituality and heart attack.

By capturing higher levels of parasympathetic control and the associated autonomic coactivation of the sympathetic and parasympathetic branches, Cardiac Autonomic Regulation provided a critical metric that permitted the study of a previously "invisible" and mysterious link between spirituality and health outcomes. This in no way diminishes the relationship between spirituality and health, but rather offers an important hypothesis as to how spirituality may impact physiology and health status. Spirituality reflects an important aspect of the

general domain of sociality and social relationships, a domain heavily influenced by our genetic constitution as a social species. Indeed, the importance of sociality may be more related to beliefs and attitudes about the meaningfulness of relationships than their existence or number. And again, beliefs about social relationships also have real consequences.

Conclusion

Beliefs impact thoughts and actions. This may be reflected in phenomena as diverse as biasing a behavioral disposition (such as slapping a donkey), coloring our perception of the environment, or determining how we perceive the quality of our social (including spiritual) relations. Psychology can also impact physiology, and physiology, in turn, can influence our thoughts and emotions. Psychophysiology is the study of these relationships, and promises to illuminate the intricacies of psychosomatic relations and the heretofore "invisible" mechanisms that mediate these links. The relations between the mind and the body, the so-called *mind-body problem*, are complex and still rather obscure. Nevertheless, the *mind-body problem* is yielding to science, and the *problem* it poses is progressively diminishing. Among the components of the mind-body problem yielding to rigorous scientific inquiry are the effects of spiritual beliefs including feelings of closeness to God.

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The Mind and Body Are One

The Cartesian view of the mind as distinct from the body persists in twenty-first century discourse as the *mind-body problem* alluded to by Gary Berntson. Berntson provides evidence that the mind and the body, psychology and physiology, are not independent of each other but represent different levels of organization of human organisms. Beliefs influence thoughts, behaviors, and physiology, and peripheral physiological processes signal central neural networks that influence cognitions and feelings crucial for the generation and moderation of beliefs. Spiritual beliefs are considered by some to be contentious candidates for scientific examination, yet Berntson argues that spiritual beliefs can be identified, measured, and subjected to scientific investigation in the same fashion as any other belief or invisible force. Accordingly, Berntson examines the effects of a specific spiritual belief – the belief that one has a close personal relationship with God. As documented by Berntson, this belief is associated with rather profound physiological and health effects.

Whereas Berntson focuses on the influence of the mind on the body and vice versa, Gün Semin speaks of the mind in the body and, more specifically, in several bodies simultaneously. In his social cognition model, Semin challenges the limits of individual social cognition and argues that regulation and co-regulation of social behavior are distributed across brains. When several individuals exhibit spontaneous synchronized behaviors (e.g., hand-clapping), the human tendency is to invoke a "supra-individual" explanation. Semin describes a mechanism by which the supra-individual source can be explained as shared motor representations and ongoing monitoring of observed actions that, under certain conditions, lead to dissolution of the boundary between self and other. The resulting shared experience of unity and collective identity may feel transcendental, but the mechanisms are as real and explicable as those governing individual behaviors and experiences.

Chapter 6[6]

The Suspension of Individual Consciousness and The Dissolution of Self and Other Boundaries

When we watch a group of soldiers marching in formation, we see the behavior of the group synchronized. Although we can make out the individual within the group, the group seems to be an entity of its own and the individual soldier seems to have become a cog in the social machine. Mob behavior, crowds at sporting events, and soldiers in formation all suggest that when we are organized to act together, the group becomes an emergent entity that can submerge the sense of the individual self. This apparent social absorption stands in contrast to our typical experience of being autonomous, self-aware agents in the world. The dissolution of the boundary between the self and the group is one manifestation of the social brain and the mechanisms that support our ability to connect with others.

Although not everyone has the experience of marching in a band or running with a mob, most people have been part of an audience at a concert or play. At the end of a particularly thrilling performance, an audience can be moved spontaneously as a group to clap wildly. In these situations, we know the feeling of surging to our feet as a collective, hands clapping and faces beaming with approval. As the clapping blooms, individual clappers merge into a synchronized unit.[1, 2] Similarly, thousands of individual sports fans have been observed to stand and raise their hands in a synchronized fashion to produce a collective wave that travels around the stadium. In both cases, individual people act as a collective unit, a superorganismal structure, with capacities and behaviors beyond the reach of any single individual in the group.

These examples are instances of behavioral uniformity in large groups. What is distinctive about these examples is that the observed behavioral synchrony can be understood in terms of

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[6] The lead author is Gün R. Semin, Ph.D., an Academy Professor, Royal Netherlands Academy of Arts and Sciences, at Utrecht University, The Netherlands. He is the founding Scientific Director of the Kurt Lewin Graduate School , a past president of the European Association of Experimental Social Psychology, and the Chair of the International Committee of the Association for Psychological Science. Semin's research is primarily driven by an interest in communication, social cognition as jointly recruited process, and language and the diverse uses that language can be put to in social interaction (ranging from the regulation of prejudice to that of interpersonal relationships) as well as the embodied grounding of meaning and communication.

A puzzle that has occupied Semin much of his career is how it is possible to understand social behavior by explaining individual processes. Another puzzle has been why one should focus on stills when human behavior is a movie: behavior is self evidently dynamic and highly responsive to contextual variations. Finally, Semin has been puzzled by how it is possible to think that all there might be to psychological processes is some symbolic computation taking place somewhere between the ears. As outlined in this essay, he has come to conceptualize the social in terms of jointly recruited processes rather than individual ones, social behavior as situated, and psychological processes as embodied.

a shared social goal. Sometimes the goal is spontaneous as in clapping to demonstrate appreciation and sometimes the goal is imposed by the situation (e.g., musicians following a musical score and instructions of a conductor, soldiers marching to the call of a drill sergeant). However, when we behave in synchrony with others, there is a sense of becoming part of something larger than ourselves.

To the people engaged in spontaneously synchronized behavior, there is a clearly identifiable and seemingly individual 'cause' for their emergent behavior. But when a group shares the same goal—demonstrating approval—and engages in the same action—clapping—the stage is set for such behavior to become coordinated and organized even without an external agent (conductor or drill sergeant). How do those moments of spontaneous social aggregation occur? How does the social brain work to join with others to form the emergent group?

We have begun to understand the underlying dynamics of how and when such phenomena are likely to occur and even how such phenomena can be potentially engineered. New insights afforded by developments in social psychology, developmental psychology, and social neuroscience have suggested the way in which our brains respond to the invisible force of social connection. These scientific developments suggest neural mechanisms that may be important to the way we interact with others. At the same time, the insights also reveal the likely conditions under which individual self merges into the group. Such situations when the sense of self is suspended contrast sharply with the modern Western notion of the individual standing apart from others. Indeed, the traditional Western focus on individual-centered reasons, motives, intentions, and causes may be at odds with some forms of spontaneously synchronized behaviors and group action.

Towards a Biology of Social Interaction

Consider the perspective of an engaged spectator at a singles tennis match. Although we may be sitting distant from competitors, if we identify with one of the players we are not merely passive observers. On the contrary, our observation of the events in the game can serve to activate some of the same neural mechanisms that would be active if we were playing the game rather than just observing it. We can feel the moves, feel the impetus to defend an attack, and feel the urge to slam the ball as if we ourselves are playing, albeit without actually flailing our arms around. We may even anticipate a move by the opponent and imagine ourselves making the potential response. Research over the last 10 years or so has revealed that our brains can map the movements of other human beings onto our own bodies almost as if we were making those movements[3]. This ability to put ourselves in another person's shoes makes it possible to identify with either player.

By comparison to the audience, consider how this ability can serve us as one of the players. This capacity provides an important facility for anticipating our opponent's moves allowing us to plan a response even before the opponent has completed a groundstroke. This kind of anticipation does not depend on explicit reasoning or conscious reflection—it seems to operate as an automatic mechanism [3, 4]. This kind of mechanism may facilitate

understanding the behavior of others. If your brain mirrors the neural activity in the brain of someone you see acting, this could provide a basis for understanding the motivation for the action. If your brain resonates to the observed action as if you were acting, this could call to mind previous experiences acting that way providing a memory for why you acted that way. That is, our social brain may directly resonate to the actions of others without reasoning explicitly about those actions. This kind of mechanism, through which intentions might be inferred, could then prepare responses quickly to facilitate the smooth flow of social interactions whether in a game or a dialogue. Of course, a critical aspect of such a mechanism is to differentiate our resonance to other people's actions and the control of our own. This kind of neural system for mapping the actions and intentions of others has been identified with a network of regions called the mirror neuron system [5], and this system may help to induce a degree of reflexive similarity or identification between self and other. The mirror neuron system appears to be continuously engaged unless it is actively suppressed by inhibition, so that this system may continuous monitor the behavior of 'others' in our social environment.

Of course, mapping the movements of the opponent is useful, but certainly not sufficient to defend our position, score a point, or win a match. One needs to execute countermoves. This is the domain of the motor system in the brain, which includes regions involved in the preparation and execution of motor action. The motor system is responsible for the implementation of one's goals and intentions to perform an action[6]. Thus, the social brain includes monitoring and motor systems that function in parallel. The mirror system puts the player in the opponent's shoes and monitors the opponent's actions in an anticipatory manner. Other parts of the social brain maintain the distinction between player and opponent by shaping the implementation of one's actions, namely by engaging a counteraction.

In sum, a tennis game or any social interaction depends on a complex network of brain regions that mediate perception and action, and the relationship between observed action and one's own behavior. The overlap in brain regions responsible for these two important social functions suggests how tightly coupled and coordinated social interactions can be. However, these two systems cannot operate in isolation from our knowledge of the context in which behavior occurs. We, therefore, turn to this topic next.

The Social Context

In a tennis game or any social interaction (e.g., dancing, conversation), the behavior of one individual constitutes a stimulus for others. If a behavior is meaningful, then neural mechanisms responsible for social perception and social interaction are likely to be activated to engage in complementary action. In a competitive context, such as the tennis game, the motor system is engaged in the preparation and execution of complementary actions to those observed and anticipated based on the inferred goals and intentions of the competitor. However, if everyone shares the same goal, for example, as in an audience clapping, the neural systems for monitoring the actions of others and executing one's own actions can be

mutually reinforcing leading to synchrony.

In any dynamic social situation observing one person's action can initiate neural activity in another. Parts of the observer's motor system become activated, making it possible to respond in synchrony. In fact, the specific actions that are observed are not as important as the perceived goals or intentions of the observed person. One consequence of this is that a person is sensitive to new actions in the social environment. A second is that significant actions by another person can quickly produce complementary motor responses. Thus, adaptive social behavior is a product of perceptual monitoring and motor processes. The complexity of the social environment necessitates *selective responding to socially significant features of any social interaction.* Such selective responding depends on the observer having particular goals for action. The identification of significant stimuli (e.g., a threatening backhand smash) activates in the competitor's brain goal-driven decision processes that operate in parallel with continuous social monitoring and lead to a counteraction (e.g., a defensive lob) produced by the motor system. However, a linesman collecting a ball during a tennis match does not constitute a significant action for the competition and, even if observed, does not initiate any counteraction.

Let us now return to the perspective of a spectator at the tennis match. While the specific movements driving the tennis match have significant implications for the players' actions, these movements have a different implication for the spectator from whom no overt responses are warranted. If an observed action produced by someone else does not have personal significance for an observer, the motor system does not respond in the same way at all[7]. The goal-dependent aspect of observing the actions of others allows us to understand and respond quickly and effectively without confusing what we do with what we see. However, in some special cases, when a group of individuals all respond together, the same motor system may operate differently. It is in these situations when we are neither observer nor respondent but part of a flock or chorus that our sense of individuated self may begin to dissolve into the larger social group.

The Social Parameters for Suspended Self-Consciousness

The dissolution of self-other boundaries is likely to be manifest under a specific set of conditions, which includes a strong feeling of identification with (i.e., connection between) oneself and a group of others, the absence of constraints to action by oneself or the observed others, a common goal shared by the group, and the absence of a recognized external synchronizing signal to which one can attribute any synchronized behavior. Clapping in unison following a rousing performance is a more common example. This remarkable phenomenon is evidenced despite considerable individual differences in clapping tempos. The transition to entrained clapping, whereby each clapper affects the surrounding other clappers both locally and globally, enhances the noise intensity at the moment of the clapping even though it leads to a decrease in the overall average noise intensity in the room. Synchronized behavior occurs rhythmically and one way of capturing its regularities is to model its cycles, periods, frequencies, and amplitudes [1,2].

Depending on the particular behavior and interaction in question, behavioral cycles of interpersonal entrainment can range from milliseconds to hours. Indeed, this kind of interpersonal entrainment is a pervasive phenomenon not specific to human social behavior alone[8].

When does synchronized clapping occur? The distinctive feature of such an event is a convergence between the neural mechanisms underlying the monitoring of the movement of others and the execution of one's own movements. The specific factors responsible for the tipping point from asynchronous to synchronous clapping are not yet known, but descriptively each individual shifts the timing of his or her subsequent clap to the perceived timing of claps by the whole collective. Thus, a continuous adjustment process emerges in the form of a collective behavior (synchronized clapping) to which each individual contributes and no single individual controls. Such continuous monitoring of the collective rather than individuals within the collective and the adjustment of one's own movements to synchronize one's behavior with that of the collective result in a continuous loop of performing the very same action leading to dissolution between self and other and the emergence of an entrained unit. The resulting effect is the materialization of a *supra-individual* behavioral phenomenon, namely extended behavioral cycles that are locked together in time. Although the emergence of clapping in unison can be regarded as a phenomenon worthy of more detailed understanding, it does not induce in its performers the necessity of searching for an explanation since the readily available account is that the performance somehow produces synchronous clapping.

There is preliminary evidence that even with no externally imposed demands prolonged synchronization emerges within pairs of people interacting or *dyads*[9]. What one finds is that despite individual differences in movements, participants entrain (tap together in time) rapidly when participants can perceive the behavior of others[9]. Extensive research in coordination dynamics has demonstrated that such entrainment does not depend on the intention to coordinate behavior [10, 11]. Studies have repeatedly shown that there is a spontaneous propensity to mimic other people (generally observed in dyads). One implication this kind of behavioral synchrony is the emergence of affective bonding – such as a feeling of rapport – both in the case of *mimicry*[12] and between the synchronized partners[13]. One might conjecture that positive feelings are even stronger when more people are synchronized.

The conditions that lead to behavioral synchrony can vary. It is interesting that people may be more likely to experience the dissolution of self-other boundaries when synchronization is produced without any obvious external director and is continuous. Prolonged spontaneous and unintended entrainment among three or more people may introduce this feeling, because the emergence of synchrony cannot be attributed to a single external cause.

Conclusions

Social interaction involving extended periods of synchronized behavior are not part of our daily experience, particularly when they involve more than two people. How do

we understand this kind of synchrony when it occurs? In the Western intellectual tradition, we have a strong tendency to search and explain events in terms of individual agency and causation.

Social events are generally understood in terms of contributions of the individual and the situation itself. The degree to which the person or the situational constraints shape the nature of the event will vary greatly. However, spontaneous and prolonged entrainment among three or more people introduces an experience that is difficult to explain by these more traditional accounts. These experiences cannot be easily reduced the actions of a single person, so an account has to be found in some source that goes beyond the individual. The powerful sense of unity and belonging that emerges from this kind of experience almost demands a different kind of explanation than we generally consider. Indeed, such feelings emerging from the synchrony of behavior may provide some of the foundation for the cultural interpretation of a transcendental experience.

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You and I as One

Any social group can be thought of as either a collection of individuals or as a single new entity with emergent, unified group behavior. When a mob forms to surge together down a street one way and then another; when a flock of birds wheels about together, closely clustered as they fly without colliding; and when an orchestra performs with highly coordinated timing, we momentarily forget about the individuals and see the collective behavior as a new, single social entity. Indeed, as Cacioppo discusses, many species seem to gather, flock, and coordinate to form such collectives. For humans there are many situations from flash mobs and sports teams to choirs and audiences, when people congregate in this way.

The drive for people to affiliate and group is not sufficient on its own to produce the coordinated behavior that emerges from such a collective. Sometimes an organizing signal, like the conductor of an orchestra, can synchronize the behavior. Other times common goals and behavioral constraints can synchronize a group, as in a flock of birds. In his chapter, Gün Semin discusses how such synchrony may be self-organizing – that is, it is achieved without intention, effort, or awareness by our social brains, even when there is no clear signal or constraint. In cases of such human sociality, the group may act as though it has a single mind. Indeed, Semin approaches this issue to relate the collective behavior as an embodied consequence of individual social forces that jointly operate to satisfy our need to affiliate, and to consider how connecting behavior through synchrony may create a collective mind.

Howard Nusbaum specifically discusses a different invisible social force that has evolved with the power to bind people into a collective—language. Language is the richest social signal that has the power to move people to act and to move groups to act together. In order for language to act as a force, it must somehow affect people with sufficient social and emotional impact. As Nusbaum discusses the impact of language, it operates at a social and emotional level similar to that discussed by Semin rather than exclusively through the inferences drawn from meaning.

Chapter 7[7]

Action at a Distance: The Invisible Force of Language

[7] The lead author is Howard Nusbaum, Ph.D., Professor of Psychology and Computational Neuroscience, and co-director of the Center for Cognitive and Social Neuroscience at the University of Chicago. He has served as the Chair of the Psychology Department since 1997. He has served as the editor for the International Journal of Speech Technology and is on the editorial board of *Brain & Language*, and has edited several books on spoken language processing. His research interests include spoken language use, mechanisms of learning and attention, and the role of sleep in learning. His recent research has investigated the social use of language and the evolution of language. In addition, he has been working on neural mechanisms of reward and economic decisions.

We often think about language in terms of the information in newspapers or speeches or reports. However, language is basis of all our social relationships and institutions. We reward and praise with language and we shun and punish with language, perhaps more often than with any other medium. In the recent election, Democratic candidates actually gave speeches outlining different views of the importance of language in our society. One candidate held that words are simply words and only have the force that we give to them by reasoning about them. The other candidate argued that speech has the power to move people to connect and act. Nusbaum was struck by this debate because it seems to him that the power of language goes well beyond what linguists and psychologists talk about as "meaning" and that understanding the meaning of language may depend on understanding the social and emotional impact of language. In this chapter, the idea of the impact of language at a distance is explored.

Language is one of the most important ways in which the social brain makes connections, enhances connections, and severs connections among people. Language is our primary medium of social exchange, grounding and elaborating our selves and our relationships in every conversation. However, language goes well beyond personal connections to connect us culturally through stories, songs, and shared manners of speech. Language also provides the formal framework that defines many of our social institutions. Language gives form and substance to the governance and behavior of every social institution from education to law to religion. Clearly there are many ways in which language serves to knit us together both formally and informally. For a linguist, all of these uses can be analyzed in terms of the structure of sentences and their content. However, structure and content do not, on their own merits, provide a complete picture of how language can have the impact it does on our sense of social connection. How does language move us to act, change our feelings, and connect us to others? It seems unlikely that the impact of language is simply the result of dispassionate rational inferences and conclusions drawn from a logical analysis of sentences.

In 1976, Barbara Jordan, a Congresswoman from Texas, gave the commencement address at Brandeis University. Listening to her speak about the importance of public service and the importance of using talent and ability in service of one's country was an impressive experience. Her delivery was clear and not particularly dramatic and yet the force of her speech was riveting. It was sufficient to turn a graduating senior's mind from graduate school in

psychology to (at least momentary) consideration of a career in government service. A student with the long-held intent of becoming a researcher and with no interest in politics, government, or public service might seem to be an immovable object. And yet, in that moment, Jordan's speech had sufficient impact to make government service seem like the only path one would want to take or should ever consider.

Although her points were argued well, the impact of Jordan's speech was not simply rhetorical. John F. Kennedy's "Ask not what your country can do for you…." and Martin Luther King, Jr.'s "I have a dream…." affected listeners deeply well beyond the cognitive strengths of a good argument. Moreover, while all these speeches were delivered beautifully and from the heart, it is not the performance of these speeches alone that can move listeners to act on behalf of others. The performance alone cannot give substance to an empty message. While there are cases in which a great performance may suggest briefly that there was content of import even in the absence of a real message, it is more likely the conjunction of message and delivery that moves people. In these speeches is a clear demonstration of the power of language. Language is more than words and more than delivery. Indeed, Cicero, in *De Oratore*, said that rhetoric conveys information, persuades listeners, and evokes emotion.

"In the beginning was the word…."

If "the word made flesh" is taken metaphorically, the power of language can be made visceral in sermons. Consider the power of Jonathan Edwards' sermon, which Clark Gilpin's chapter discusses, to terrify a congregation, to wrench them from complacency with images of torment. A sermon delivers a message, but it can do so in calm tones of instruction or with fire and brimstone. The choice and poetry of words and the cadence and intonation of speaking can draw the listener in slowly or seize the listener suddenly, the very sounds of speech painting images in the mind while igniting new inferences with literal and metaphoric descriptions.

In the realm of the spiritual, there are few corporeal manifestations that can be perceived directly. Neither heaven nor hell, neither God nor the Devil can be seen or heard or touched. Preaching is needed to spell out the work of unseen hands and will and illuminate the power of the unseen. The force of that which is not seen can only be felt when transmitted directly through speech.

In *Phaedrus*, Plato described rhetoric as the art of leading the soul. Thus it is not surprising that, while at the core of religion is a collection of beliefs and concepts and canons, the fabric and form of religion is language. Symbols and icons are certainly important, but language is the medium through which the force of theology is actualized in prayers, benedictions, sermons, and teaching. Language can reach across time and space to change minds, feelings, and behavior, encoding laws and beliefs and presenting them with a concrete reality in the here and now. This is one kind of impact from author to audience in which a kind of connection is constructed bridging minds.

At the same time, in religious practices, another kind of connection is formed within a congregation. Joint recitation, responsive reading, collective listening, and understanding may serve

to connect people in a religious service. Although joint participation in any event (such as sports or theatre) may have some of the same effect as discussed by Gün Semin, the content of language and the intent of the messages in religious practice is often focused on developing and strengthening social and spiritual connections.

Everyone knows someone who moved to another country, or to another part of their own country where speech patterns differ. After a period of time, in the context of novel speech patterns, some people adopt the speech patterns around them. This kind of linguistic convergence is well documented and is moderated by social factors such as the desire to be accepted or the attempt to be persuasive.[1] When people talk together, one person's speech can impact the way another person talks in order to promote social connection. Indeed, the same kind of behavioral convergence is found over the course of conversations for other kinds of non-linguistic actions as well.[2]

Information, impact, and understanding

How does language bind us together and compel us to action, thought, and feeling? When we talk, sound vibration is transmitted from mouth to ears. Facial expressions and manual gestures punctuate, illustrate, and illuminate our speech. These acoustic and visual signals travel over space and time to the eyes and ears of the audience. The impact of such communication is true action at a distance.

This notion of language as action at a distance is relatively well accepted in the scientific study of language. But in research on language and communication by psycholinguists and linguists, the emphasis is on the information contained within an utterance and the structure and form by which this information is presented. Research questions often focus on the variety of ways the same message can be framed and how listeners interpret such messages. But little of this work addresses the impact of the message itself.

The standard view of language processing is that we hear the sounds of speech (acoustic patterns) that we translate mentally into words. The meanings of these words are determined and then the meanings combined (through our knowledge of sentence structure) to result in sentence meaning. Given that a sentence typically occurs in a context of other sentences (e.g., a sermon) or in response to other speech (e.g., a conversation), this context is then used to frame and reinterpret the sentence meaning.

Metaphor, irony, sarcasm, and other figures are generally thought of as being understood later in this process although in Gilpin's chapter the immediate power of these to affect us is quite clear. Emotion and attitudes are thought of as not understood until after the linguistic message has been determined. The impact of language on attitudes through persuasion is viewed by cognitive psychology and linguistics as occurring after the message has been understood. However, this does raise the question about whether a "message" (to be understood) is simply the linguistic properties of a sentence or the impact of the linguistic form on an audience.

A very different view of language might come from considering vocal communications that often have a direct impact on an audience.

Sometimes just listening to laughter compels listeners to laugh. Sometimes hearing a cry of terror directly imputes an instantaneous feeling of fear. Hearing someone weep can produce a feeling of sorrow and perhaps even cause one to cry. This suggests that some forms of vocal communication can elicit direct empathic sharing as Decety discusses in his chapter.

These forms of vocal communication can produce direct results in listeners without following a route of symbolic reference and interpretation.[3] Language has typically been viewed as operating by the more symbolic route because of the linguistic claim that symbols are not the things they stand for and thus must be understood—words and sentences are not felt. However, the right insult or angry words delivered in the right way or the right praise seems to be felt directly, perhaps through the same kind of mechanisms by which empathic sharing occurs.

But how is this achieved? This kind of impact of language is not a result of understanding the content of speech. It reflects social goals and motives. To the extent that this kind of social impact may parallel empathic processes, we might find that similar mechanisms are involved. Some kind of resonance must be established between a speaker and hearer, and language can serve to establish this resonance and lead to subsequent action by the hearer. This idea of a resonance in an audience does seem more compatible with the effects of vocal behavior such as laughter or crying on a listener than the symbolic interpretative view. This notion of resonance may also be useful in understanding other kinds of language impact from the fiery sermon of Edwards to the passionate speeches of Obama and Kennedy and King.

In listening to speech that has impact, language has created a state in the listener that reflects the intention of the speaker. Whether it is fear or connection, somehow language can operate as the medium by which social and emotional psychological states get transmitted to an audience. But how does this impact get created in the social brain?

Language impact in the social brain

Understanding spoken language has typically been viewed as an analytic process in which sound patterns are translated into linguistic symbols by the brain. However, an alternative theory is that we understand spoken language by using our motor system to simulate what might have been said. The idea is that trying to mentally produce the speech internally (without talking) might help us understand what is said, when speech is not clear. However, this theory did not have much neural plausibility. People do not generally move their mouths overtly or even covertly while listening.

The discovery of mirror neurons, examined at greater length by Steve Small in the next chapter, suggested one kind of mechanism that might instantiate this kind of process. In certain parts of the brain, involved in the control of action, some neurons that respond when making certain actions also respond when observing the same actions. This led to the inference that these neurons are involved in understanding the behavior of other people. The reasoning is simply that neural activity in the observer's motor system that results when seeing a behavior essentially establishes the brain state that would

correspond if the observer were doing the same thing. Another way to say this is that there is a resonant response in an observer's motor system to observing a behavior and this may potentiate a degree of social coordination and connection, as discussed in Semin's chapter. This kind of neural resonance has been shown to play a role in understanding speech when seeing a talker's mouth move, even if the listener does not actually make any mouth movements.

Mirror neurons demonstrate that observed action can produce a resonant response in an observer's brain. Seeing a talker's mouth move creates a motor-resonant response that aids in understanding speech sounds. However, these two observations are very different from the idea that the meaning of sentences can create a resonant response in the listener's brain. In the case of speech, mouth movements are the actions that create speech. This might seem like a very special case. The traditional linguistic view of language is that words and sentences are symbolic: Language describing action is not action itself. Language describing emotion is not the emotion itself. The entire concept of a symbol is that a symbol denotes something, stands for something, but the symbol is not the thing itself. But it now appears that this long-held notion may be wrong.

The idea that seeing an object or event gives rise to brain states that resonate with previous experiences of that thing suggests a mechanism for language understanding to go beyond symbolic interpretation. Given that there is a brain mechanism for re-experiencing actions or sensations, this same mechanism may operate even when there is just a symbolic linguistic description. Understanding language may take place by invoking such resonant past experiences in the brain.

For example, when listening to sentences about hockey action, hockey players show neural activity in their motor system which is not seen for people who are naïve to hockey.[4] Experience playing hockey recruits the motor system in service of understanding hockey sentences as if one were watching or playing hockey when only listening to speech. This suggests one way in which language can have a direct impact on a listener. Rather than making inferences about actions based on the meanings of sentences, understanding a sentence may be a resonant motor system response in the listener to a description of an action. If this idea is extended more broadly, language impact may come from such resonant responses. Language understanding and the impact of language may result from processes more similar to the effects of hearing laughter. Hearing a sentence may create in a listener a set of resonant responses very similar to the patterns that correspond to the actual situations being described.

Such resonant responses need not be confined to the motor system and actions. Emotions such as fear or joy may be empathically evoked in listeners by speech just as a scream or laughter might. Verbal expression of attitudes may produce similar attitudinal responses in listeners. Moreover, if a listener's resonant response is strong, there may be increased empathic overlap with the speaker, which may serve to increase social connection. To the extent that people speak together and share feelings, social connection may increase as well.

Evolution of social connection by communication

The human social brain constructs connection and understanding by anthropomorphic projection as discussed by Nick Epley in his chapter. When we observe the behavior of nonhuman entities, anthropomorphic projection may form a feeling of social connection. Social connection depends in part on empathic responses to observed action. It has been argued that this same foundation is the basis for the evolution of language as well--observed action may be the foundation for language.[5]

A mirror neuron theory of the evolution of language starts with the assumption that we understand others by observing their actions. Communication depends on the regularization of typical actions that can be pantomimed. In principle this could lead to a kind of manual gestural system of communication akin to sign language. Hand and arm movements can depict a wide range of actions both by first-person depiction of an action such as screwing the top onto a jar and by third-person depictions such as using the fingers to portray a person walking. Hand and arm postures can depict objects such as a cupped hand representing a bowl. Combining sequences of such object and action depictions can communicate relatively complex messages even without a formal language. This is a far cry from sign languages in which the mapping between hand shapes and movements is not visually transparent in this way. But as the pressure to communicate a broader range of messages increases, a manual gestural language would have to be modified to reflect more abstract symbols ultimately leading in the direction of a sign language.

However, this kind of manual language has one major drawback. Communication depends on visual contact. In order to understand a gestural message it is necessary to see the hand movements. This limits the distances over which communication can take place. Moreover, a communication system that is effective for a group should not depend on face-to-face dyadic interaction, but allow for more broadcast communications. There is a great survival advantage in being able to maintain social connection and convey information over distances that go well beyond face-to-face communication.

Many species of fish, amphibians, reptiles, birds, and mammals commonly exchange information at a distance through vocalizations. The learned songs (and some calls) of songbirds are particularly rich sources of information conveying, to the receiver, individual identity and a host of other characteristics of the sender. Some mammals exchange information at great distances through calling behavior. Humpback whale vocalizations are perceived over extremely long distances and may be used to maintain social groups at distances as great as 5 km. African elephants can recognize friends and relatives from their calls at a distance of 2.5 km. Human sheepherders keep each other company from the top of one mountain to another in the Canary Islands using a whistled language called Silbo Gomero. Whether for purposes of mating, threat, warning, or social organization, conveying information regarding location, identity and motivation, and directed at one individual or towards far-flung groups,

vocal communication plays an important role in the social connection and behavior of a great number of vertebrate species. Thus while human vocal communication is enhanced substantially in face-to-face interaction, the evolution of speech has resulted in a system that can function even in the absence of direct visual observation. The sound of a threat or warning or distress can have substantial impact even at a distance from the speaker.

Social impact and embodied language

Many animals use vocalizations to maintain social group structure and to provide information relevant to a group. Even very young children use the way people speak as a marker of their social affiliation.[6] Such vocalizations are typically not viewed as symbolic forms that must be decoded and interpreted. Instead these vocalizations are mapped onto internal states more directly, much as human laughter may be. Although linguists and psychologists have often tried to differentiate human language from these kinds of vocalizations, language can impact us in much the same way. Perhaps language is less symbolic and more direct than scientists have thought.

What does it mean for language to have impact? If we take laughter as our model, perhaps it means that language gives rise to responses that have a direct effect on our perceptual and motor systems. Sermons may terrify because they create worlds inside of the listener that seem real. We can see and hear torment and imagine the feelings of pain and suffering. This is not a symbolic interpretation but a real experience created from language. However, just as we can distinguish the pain we feel from the pain of others, even when we have strong empathic responses, we can distinguish such created experiences from those that occur in the real world. The stronger the language, the richer the imagery, the more intense the delivery, the more salient the mentally created experience. One impact of language may be to create real feelings and sensations, imagined movement and behavior.[7] When language hurts us through criticism, rejection or insult, it may do so by activating our experiences of real pain. When we are soothed by language, it may produce the same kind of endorphin effect that placebo treatments can invoke. When language binds us together, it may do so by creating the kind of shared emotional states that characterize empathy.

In many respects, the linguistic view of language use does not engage these ways in which language functions. Linguistics treats language as consisting of patterns of symbols divorced from their origins in a human mouth, almost like print on a page rather than speech. But it is spoken language that the social brain evolved to use—print is a very modern invention which did not play any role in our evolution. In contrast, speech is produced from a coordinate action of muscles compressing lungs and moving tongue and jaw under the control of neurophysiology and hormones. Unlike the shape of printed letters, the sound of speech is shaped by attitude and emotion and intent, and its impact may be to transfer specific embodied states from the speaker to the listener.

Conclusion

Although physicists have debated the possibility of action at a distance for quite some time, the biological form of action at a distance is well established,

achieved through vocal communication in an extremely broad range of behaviors and settings. The force of language is carried by the form, content, and delivery of a message. And the impact of this force may be created in the minds of an audience by the resonant invocation of past real experiences. Real pain and sorrow, real comfort and joy, real love and caring, are all part of our shared human experience. The impact of language may come by invoking resonant past experiences that can create a platonic mental moment that flickers with the shadows of those experiences. In order to understand how this process works, we need to study how brain mechanisms operate to translate the sounds of speech into the impact of language.

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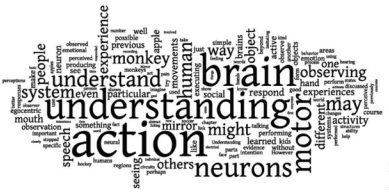
Systems and Signals for Social Coordination

How do we understand each other as people? Do we take people at their word, or do actions speak even louder? When moved to affiliate and to act in concert with other people as a group, we need to understand the communications and actions of others. Language can move us to action even across great distances but how does it do so? While we can observe the behavior of groups of people as coordinated, the mechanism of achieving this coordination is unseen. We may be driven socially to form groups but how does that drive function in the individual to cause us to cohere. In order to go beyond the observation and experiences we have with groups and group behavior, we need to understand what makes the engine of social connection run. At one level, we can talk about language as a force itself, as Howard Nusbaum does. We can talk about the synchronization of individual behavior as Gün Semin does. However, both of these are observations about the way individuals may become part of a group. To go beyond this we must look to our biology to understand how the machinery underneath our sociality leads to connected minds.

Semin suggested one way our brains may seek to connect. Some neurons in an area of the brain that is involved in the control and planning of our actions also respond when we observe actions we have performed. Such neurons might be thought to "resonate" when seeing someone act or speak with our own experiences. Neurons that mirror actions and behavior have been thought to play a role in the process of understanding that behavior and the social connection that may form as a result of the resonance. In the next essay, Steve Small discusses these neural mechanisms and how they may be important in helping us understand spoken language and possibly in understanding social behavior.



Chapter 8[8]

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Human language represents a unique product of our social species and the tremendous evolution of the primate cerebral cortex simultaneously supported the development of both. Language is the defining feature of our species: In his 12th century volume, *Guide to the Perplexed*, Maimonides viewed it as tautological that man is a speaking animal, i.e., "there is no third element besides life and speech in the definition of man". But how does the brain implement this unique function in the context of its common ontogeny with social function? The current essay discusses the possibility that the recently discovered "mirror neurons" of the cerebral cortex of macaque monkeys play a special role in the ability of humans to understand each other with language by using a mechanism of observation and covert emulation. If the neurobiology of language were partly grounded on such systems of visual observation and imitation, this would overlap integrally with the biology of the social brain.

Hidden Forces in Understanding Others: Mirror Neurons and Neurobiological Underpinnings

It is one thing to perceive objects in the environment and another to *understand* what is perceived. A rodent that senses an apple definitely has a notion that this represents something edible. A monkey might realize that the apple can be eaten but also can be thrown. A human might perceive it as a food, an object to be propelled, a temptation that should be resisted, or something that falls out of a tree at a specific acceleration. For each individual animal or person, understanding an apple means to take the sensory perceptions of the apple and to use previous experience and knowledge to fit it into an overall context. In this way, understanding a particular apple depends on our previously having seen, touched, and smelled apples, eaten them, read about them, and perhaps even been hit by a falling or thrown apple. All of our previous experiences come to bear every time we encounter a new perception that we must make sense of, and of course, this represents virtually every moment of our waking lives.

Our perceptions vary enormously from seeing simple objects (e.g., apples), taking in more complex entities (e.g., restaurants, neighborhoods), hearing noises or speech, and seeing actions (e.g., simple manual actions, sporting events). A major question for brain research is how we can possibly understand all these different kinds of input, and what brain circuits are used to do so. We assume that such an understanding means taking these inputs, weighing them against our previous

experiences in some way or other, and then integrating in some way the new and old together. This integration requires constant and dynamic changes to the brain structures that represent what we know and how we use it.[1] One way this could happen is that when we perceive something new, we actually re-enact in our mind's eye the previous related perceptions. For example, if we encounter an apple – having encountered many previously -- perhaps we actually imagine (seeing) one or more previous apples or episodes involving apples, or imagine (performing) one or more instances of biting an apple or throwing one, and/or imagine tasting and smelling one. We might also imagine hearing the word "apple", producing the sounds of the word, seeing the written form of the word, or even hearing, seeing, or producing synonyms or related words in our first (e.g., "Granny Smith") or second (e.g., "pomme") languages. We propose that understanding an apple is tantamount to executing this entire set of processes, and thus, that the circuits for understanding are very complicated and take up a large portion of the brain.

Of course, not all of what we understand is directly available to the senses; we can clearly understand beliefs and emotions as well as physical objects and overt actions. Brain researchers generally take the view that previous experience guides understanding of abstract concepts in much the same way that it guides the understanding of the more concrete entities. For example, we can understand the emotional states of other people by imagining being in those states ourselves. When I see someone feeling happy or sad, I can evoke examples from my own previous experience of feeling happy or sad (perhaps even for the same reasons), and by feeling the emotion, I can understand it. The closer my previous experience is to the perceived one, the better the "understanding". This principle holds whether one is trying to understand objects or people. An important distinction between people and objects when trying to understand their actions is that people, but not objects, have intentions.

The Social Brain

The critical question for neurobiologists is how does the brain understand. In particular, we want to know whether the same brain circuits that are used when we experience things personally are also used when we try to understand another person having the same experiences, whether these experiences are concrete, like grasping a cup or hitting a baseball, or more abstract like feeling sad or fearful or in pain. We also want to know whether understanding the simple concrete perceptions and these highly complex emotional states are mediated similarly in the brain. Further, we are interested in the overlap between conscious and unconscious understanding and shared or personal understanding. One way to address these questions is to examine the brain structures responsible for specific types of personal sensations, actions, and cognitive processes, and to see if these same ones play a role when individuals attempt to understand these functions in others. Using modern techniques of physiology, experiments of this type have been conducted in both monkeys and humans, with some surprising results.

It is now possible to measure brain activity of humans while having a wide range of different kinds of experiences. Such human neuroimaging

experiments have suggested that understanding actions and objects invoke some of the same brain structures used to perform the actions and to act on the objects. With respect to actions in particular, humans sometimes use their own motor repertoire in interpreting actions, possibly by imagining or mentally simulating the perceived action. When people are asked to observe the actions of others, particularly goal-directed actions involving the hands or mouth, they seem to activate brain regions for moving the hands or mouth. Thus, there is a link between observing actions and executing actions. This has a relevance to education as well: "Understanding by doing" (i.e., by observing and then executing) has a long and valued tradition in American education[2], and these recent scientific results might help us understand why this is effective.

When my son was 5 years old, he was a member of a kids' soccer team in Hyde Park, on the campus of the University of Chicago. His coach was a professor of history at the university, a woman who had never played soccer, but was a voracious reader, and in her readings on the subject, took careful note of all the methods needed to play soccer as well as the rules and regulations. She methodically took the kids through all the (theoretically relevant motor) steps needed to dribble the ball, to pass, and to shoot – flex your foot this way, bend your leg that way, keep your arms this way, etc. The kids tried to follow the verbal instructions but their motor performance was less than stellar — they learned a little bit, but they lost all of their dozen games, for a depressing 0-12 record. The next season, the same team was coached by another volunteer parent, this time an engineer from Trinidad, who had played soccer his whole life. The instructions he gave the kids were quite different: "Follow me and do what I do". There were no suggested foot flexions or extensions, and no specific leg movements proposed. The kids learned the skills, and won all their games. Why? The kids learned by observing a good model and then imitating what they observed the person doing, which appears to be a way to learn motor skills that is far stronger than that of explicit motor instruction.

When people have strokes, a part of their brain dies, and they can lose the ability to speak or use a hand properly. We are now using this idea of imitation in a treatment program to re-educate people with strokes to use their hands better and to pronounce words better. For these imitation-based treatments, people first observe a particular hand action or speech sample on a video monitor, and then they try to produce it. In fact, they observe it over and over again for a while before they even try to do it at all. They are never told *how* to move their hands or mouths; they are just told to copy what they see. Over the course of six weeks, people with hand problems progress from imitating a simple grasp of a cup to picking up a telephone and dialing a number to picking up a toothbrush, brushing their teeth, and returning the brush to the sink. Those with speech problems progress from imitating simple words of a single syllable to longer less common words and even short phrases. We have already shown that these therapies have beneficial effects in a number of people and are now trying it out more extensively.

There seems to be an important link between observing and executing actions. Similarly, there is a link

between observing action and understanding emotion. This link has been most clearly demonstrated in the case of facial expressions – if I observe the muscles of the face in a position to convey an emotional state, clearly I perceive the emotion. What has been shown recently is that observing such facial expressions leads to two kinds of brain activations in the observer: The first set of regions activated are those that would be used by the observer to execute the identical face movements, just as with hand or mouth movements. However, additional regions are also active, and these are precisely the ones that would be involved if the observer were to feel the observed emotion personally. Thus the circuitry for action observation in the human brain is interdependent with parts of the brain critical for understanding more complex nuanced aspects of the world.

Mirror Neurons

It turns out that there may be cellular building blocks in the brain that are particularly important for observing and executing actions, and may ultimately lead to an explanation of action understanding and imitation-based learning. In fact, such structures would contribute to any form of understanding that could be partly explained by imagined re-enactment of perceived actions (e.g., seeing an emotional facial expression, hearing a cry of pain). The cells under discussion are a type of nerve cell, or neuron, discovered in the front part of the monkey brain by Professor Giacomo Rizzolatti and his colleagues at the University of Parma. The scientists trained monkeys to perform specific actions like grasping an object or licking their lips, and were performing electrical recordings in regions in the front of the brain known to coordinate movements. These recording machines note brain activity both visually, as a graph on a screen, and auditorily, by a loud series of clicks, indicating the firing of a neuron. Rizzolatti and his team were focusing on a particular region in the front of the brain, and were having the monkey perform all sorts of hand, mouth, and eye movements to see how the brain cells were organized to make these movements happen. One day (or so the story goes), one of the researchers returned from lunch while the electrical recordings were being made, and was finishing off a cone of superb Italian gelato, when all of a sudden the recording device starting making a loud series of clicks. The returning scientist stopped licking his ice cream cone to see what was going on, and the noise stopped. When he restarted licking his gelato, the clicks resumed, and when he stopped again, they stopped. The investigators had discovered a type of neuron that was sensitive to the monkey observing a particular human action.

It was not surprising that following training to perform an action, some neurons in the motor region of the brain responded while performing that action, when the same neurons would not have responded beforehand. However, it was extremely surprising to find that some of those neurons also responded vigorously when the monkey *observed* the very same learned actions. Through a methodical and systematic approach, this group was able to make a more elaborate and far-reaching set of observations. For a small subset of neurons, if a monkey had learned to reach for a particular object, seeing another monkey reach for the same object would cause the neuron to fire. For a different subset of neurons, if the

monkey had learned to pucker up his lips, the neuron would fire both when the monkey did this or when the monkey observed another monkey (or even a human) doing this. These motor neurons have been dubbed "mirror neurons", since they respond during both execution of action and during observation of the same action in a mirror-like fashion.[3] Mirror neurons are not active during observation of an appropriate action if there is no goal (i.e., the object is absent) or when an appropriate object is presented alone. Mirror neurons have been discovered both for mouth actions and hand actions, and for both visual and auditory perception of actions.

Seeing a previously learned action performed by someone else seems to resonate in some neurons in the motor system almost as if the action were being performed by the observer. It is as if the observed action stimulates some motor neurons to "remember" what it was like to perform action. Of course, this is not memory in the overt sense of conscious recollection, but rather that the experience of execution changes the response of the neurons to observation. Not all the motor neurons respond this way but a small number have been shown to respond when performing and observing an action. Such mirror neurons could provide a correspondence between the experience one has of performing an action and seeing the same action performed by others.

These mirror neurons might provide one basis for understanding action. Relating actions we observe to actions we have carried out seems like an important component for comprehension. After all, we knew what we were doing when we performed an action. If that experience is somehow reinstated during observation we might attribute our past experience as the interpretation of the present observation. Imitation when observing an action might occur because our motor system is stimulated by observing an action. Coordination of action could occur because in representing others' actions as if they were our own, our brains may be able to compute the time when we can act without disrupting the other person. This is just the kind of process that is described in Gun Semin's chapter when he describes how groups of people can synchronize their actions like clapping together.

From monkey brains to human intention

Of course, relating responses in monkey brains to human brains is neither direct nor simple. Parts of the monkey brain and and parts of the human brain that putatively correspond, while similar, are not identical in number or size or location, and probably do not do exactly the same things, since monkeys and humans have evolved to have somewhat different capacities and behaviors. Furthermore, the study of mirror neurons in monkeys is based on recording the responses of individual neurons, which is not generally possible in humans except in rare cases of medical necessity. The measures we can make on intact human brains come from the responses of many thousands of neurons, so it is difficult to make claims about neurons that respond in producing an action and perceiving the same action. This means that any claims about human mirror neurons depend on a degree of good faith and inference rather than specific empirical demonstration that individual neurons respond both to observing and executing action.

Researchers have measured human brain responses using a variety of methods such as functional magnetic resonance imaging (fMRI), which demonstrate reliable effects of changes in neural activity by changes in blood flow. Although slower to respond than measures of electrical activity, fMRI provides evidence about where neural activity in the human brain occurs. This kind of research does show that observing action produces activity in areas of the human brain more typically associated with executing action. While there may be some disagreement about which motor areas of the human brain are active while observing or imitating action and how these would correspond to areas in the monkey brain, there is good agreement that the human motor system responds for observation and imitation of action.[4]

There is quite a difference between recognizing an action and understanding that action. We can see a hand move through space with an open palm oriented with the flat of the palm moving toward the surface of an object and predict where the hand will strike the object and that it will apply force to the surface of that object. But understanding the same general action as pushing a door open with the intent to enter and slapping a person in the face is quite different. A ball can be thrown in a game of catch or as a missile intended to do harm. The actions may be similar but the intentions are different. Therefore it is important that some researchers have argued that mirror neurons respond to the intention as well as the action.[5] However, to date there has been no clear evidence that such neurons respond to intention -- just that the sight of the action of reaching without an object to grasp, the sight of the object alone, and the sight of the action with the object present show different patterns of brain response. The fact that such different visual experiences lead to different patterns of brain activity does not provide clear evidence that intentions or goals are somehow part of the mirror neuron response to observed action.

Understanding spoken language as action understanding

The potential ambiguity of action is perhaps clearest if we consider language. Talking is a form of action and understanding speech might be a form of action understanding. In talking, mouth movements are made in such a way as to create sounds that will have some affect on the listener, as discussed in Howard Nusbaum's chapter. Listeners must understand what was meant by making those sounds. However, if someone says, "It's hot in here," or "You are a great friend," there can be ambiguity about the meaning. Such sentences could be straightforward observations as they seem to be or they could be something very different. We can ask to have a window opened or we can make a negative social comment using exactly the same sentences.

Nonetheless, there is good reason to believe that the human action system is involved in understanding speech as well as producing it. While some ambiguities in speech or behavior simply cannot be resolved without broader contextual knowledge, the motor system may be important in understanding. If you try to have a conversation in a noisy bar, looking at your friend talking makes it easier to understand what is being said. We have shown that the motor system contributes to this process of recognizing speech. When listeners can see someone's face while talking, mouth

movements increase activity within the motor system measured using fMRI. Furthermore, it is possible to show that the same parts of the motor system can be active in talking and in understanding speech. By analyzing which parts of the brain are active and when they become active, it is possible to show that when motor system activity in the frontal lobe of the brain precedes activity in other regions (e.g., the temporal lobe), listeners have a better understanding.[6] It is as if the motor system "recognizes" the speech before other parts of the brain when the talking mouth is visible to the listener.

This study shows that more information about the action of producing speech (visible mouth movements) can activate the motor areas of the brain during understanding of speech. But it is also the case that understanding speech without seeing the speaker depends on the motor system. Hockey players are experts at hitting slap shots, blocking passes, and whacking each other in the head with hockey sticks. They have done these things in the real world just as monkeys in Parma have learned to reach for certain objects. When hockey players listen to sentences describing hockey action, even without seeing the speaker or the action, motor areas are active during sentence understanding and these same motor areas are not active in people without hockey experience.[7] Understanding described actions appears to be influenced by the motor systems of people who have experience with those actions. Understanding action may be influenced by the experiences of our motor systems.

Reading minds through action

In understanding other people, we start with what we understand about ourselves. As Nick Epley describes in his chapter, we take this kind of egocentric perspective in understanding other people or pets or God or the behavior of inanimate objects. We know what we meant when we say something or do something and we make the same attribution to others, even nonhuman others. While this may be a good starting point for religions to help people feel connected to God, as discussed by Clark Gilpin, it may not be uniformly informative about human behavior. Behavior is not transparent for the intention of that behavior. The fact that any particular action is not necessarily unique to the intent behind it is the basis of a great deal of misunderstanding in daily interactions. As a result, even if mirror neurons help our brains recognize actions and sometimes interpret them, there are real limits to how experience-producing actions can correctly inform social understanding.

In spite of this limitation, we may often do just this—assume we understand another's actions because of what we would intend were we to do the same thing in the same circumstance. Human social understanding does suffer egocentric limitations often and to the extent that it does, something like a mirror neuron system may play a role. For example, as discussed by Jean Decety in his chapter, our ability to understand the pain of others may derive in part from the neural systems involved in our experience of pain, but goes beyond this starting point. The social brain is on one level perhaps a very egocentric brain. But the fundamental motivation to connect with others has resulted in systems built on top of these egocentric foundations. If social

understanding depended entirely on past experiences of our own intentions and actions, there might be much more misunderstanding and cynicism in the world. However, the capacity to reason, hypothesize, and model possible futures may increase social understanding beyond the anchor of purely egocentric perspective. We can conceive of alternatives to our own goals and motives and relate those alternatives to the actions we observe. To some extent, this process might also involve the motor system by mentally simulating actions and anticipated responses. By imagining how we might act in some situation to achieve a goal or the alternative ways we may act given some intention, it may be possible to go beyond the limits of our own experience. Such constructive imagery may well depend on the motor system, along with other neural systems, but currently there is no scientific evidence that such a system might be linked with the operation of mirror neurons.

Conclusion

We are equipped to understand the world around us by relating what we perceive to our own experiences. With respect to actions in particular, our brains have specialized circuitry to relate previously executed actions to newly perceived ones, possibly by performing an internal (imagined) simulation of them. There is evidence too that we might understand the emotional states of others by a similar kind of process, whereby our brains activate circuits for experiencing the emotion as a way to understand that emotion in others. These brain mechanisms might also apply (to a greater or lesser degree) when we try to understand actions or feelings by non-human animals or even inanimate entities. This could be a partial biological explanation of anthropomorphism, as discussed by Epley and Gilpin. Of course as humans we have the ability to go beyond these strict egocentric limitations and recognize and respond to our social connections more explicitly. This ability to go beyond the more basic grounding of the way we understand others may subserve part of the goal of some religions, discussed by Kathryn Tanner, in fostering a more abstract view of our connection to others. While a mirror neuron system might help form the basis for some aspects of social understanding, there may well be other invisible forces at work supported by these and other neural systems in our social brain.

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Connecting and Binding Social Brains and Minds

We evolved as social organisms in the context of face-to-face interaction. Much of our human biology was established before the technology of email and cell phones. As a result, our biological nature is tuned primarily to social signals and interaction that occurs in the presence of another. It takes just a moment of observation for us to know a lot about another person as a social being. We can understand other speakers easily within tens of milliseconds of experience. Our brains have developed to make this kind of social connection quickly and easily, whether through language or action. In order to understand someone else, we need to be able to understand their goals and intentions. Moreover we need to relate their behavior to our own individual and personal experience. Steve Small discusses some of the brain machinery that may allow us to translate our perception of language and observation of behavior into a form that can be related to our own use of language and action. This kind of resonance with experience, rather than elaborate inferences, may allow us to connect quickly with others, satisfying our drive for sociality.

But understanding behavior and communication is not all there is to forming social connections. It is one thing to read intentions and another to feel someone's pain. If we only could understand action and communication, an important element of human connection would be missing. In forming a collective mind, as Gün Semin discusses it, we need to have collective emotional responses. Jean Decety discusses the foundations of empathy and the brain machinery that supports this important capacity by providing a resonant response to the observation of another person's distress. Although sympathy may motivate helping others, empathy may be one of the social glues that binds us together as a collective social organism.

Chapter 9[9]

Empathy and Interpersonal Sensitivity

A young girl, after watching a televised documentary account of child hunger and suffering in Bangladesh, pleads with her parents to "do something" to help them. A new child in daycare is being ignored by the other children with the exception of one little boy who takes her hand and includes her in all his activities. These modest beginnings signal the important and ongoing role of empathy for surviving and flourishing in our social world. Empathy has been suggested to be essential to navigating the social world; it enhances our understanding of others, improves the effectiveness of our social communication, and fosters mutually satisfying social relationships. Conversely, lack of empathy or its maladaptive use causes social relationships to falter and fail.

Empathy refers to our natural capacity to quickly and automatically relate to the emotional states of another person. Rudimentary forms of empathy appear early in the life course, and with maturation, empathy can be experienced by simply reading about or imagining someone else's emotion. Empathy comes so naturally that physicians must learn to dampen their empathic pain responses when inserting a needle into a patient (1). Just because empathy comes naturally does not mean, however, that it is instantiated in a discrete brain module that is automatically activated when one witnesses another's distress or suffering. Rather, the experience of empathy is underpinned by the combined activity of several dissociable psychobiological systems. Further, empathy can be modulated by various contextual, dispositional, and interpersonal factors. The study of empathy, using sophisticated methods from psychology, neurology, neuroimaging, and neuropsychology, provide a unique opportunity to understand the invisible power of empathy in shaping our obligatorily gregarious social nature.

Defining empathy and its functions

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Empathy and sympathy play crucial roles in much of human social interaction and are necessary components for healthy co-existence. Sympathy is thought to have a key role in motivating prosocial behavior, guides our preferences and behavioral responses, and provides the affective and motivational base for moral development. Although the study of these abilities has traditionally been examined using behavioral and clinical methods, recent work in social neuroscience has begun to provide compelling and novel insights on the neural mechanisms involved in interpersonal sensitivity. These developments are explored in this essay.

Empathy can be defined as our natural capacity to share, appreciate, and respond to the affective states of others. This capacity is essential for the regulation of social interactions. For instance, empathy is believed to motivate prosocial behavior and inhibit aggressive behavior (2). In addition, our ability to share the emotions of those we observe binds us to each other and fosters a collective social identity. Empathy's invisible power is that it moves us to cooperate, coordinate our behaviors, and provide the needed care for one another. Notably, however, empathic concern does not necessarily lead to empathic behavior. First, empathy poses a paradox, as sharing of feelings does not necessarily imply that one will act or even feel impelled to act in a supportive or sympathetic way. Second, the complexity of the social and emotional situations eliciting empathic concern influences the probability and nature of the help provided. Whether and how empathic actions are expressed depends on the feelings we perceive in the other, our relationship with that individual, and the context in which we share an emotional state.

Empathy is critical for complex human interactions, but this does not mean that empathy and prosocial behavior have suddenly appeared with *Homo sapiens*. If empathy is a potent invisible force generated by the social brain, some form of emotion-sharing should also be evident in other social species such as non-human primates. Indeed, field observations conducted by comparative psychologists and ethologists suggest that behaviors homologous to empathy can be found in non-human primates (2). Some have argued that empathy is not an all-or-nothing phenomenon, and that many intermediate forms of empathy exist between the extremes of mere agitation at the distress of another and full understanding of their predicaments (3). Many comparative psychologists view empathy as a kind of induction process by which emotions, both positive and negative, are shared, and which increase the probability that the protagonists will subsequently engage in similar behavior.

Though certain non-human primates may share feelings between individuals, humans seem to have the unique ability to intentionally "feel for" and act on behalf of other individuals whose experiences may differ greatly from their own. Such a capacity may help explain why empathic concern is often associated with prosocial behaviors such as helping kin, and why it has been considered the foundation for altruism, the expression of empathy and caring for those who are not kin. Evolutionary biologists have suggested that empathic helping behavior evolved because of its contribution to genetic fitness (kin selection). In humans and other mammals, an impulse to care for offspring is almost certainly genetically hard-wired. Less clear, however, is whether an impulse to care for siblings, more remote kin, and similar non-kin is genetically hard-wired. The emergence of altruism is not easily explained within the framework of neo-Darwinian theories of natural selection (but see Cacioppo's chapter on this point). Social learning explanations of kinship patterns in human helping behavior are thus highly plausible. Indeed, one of the most striking aspects of human empathy is that it can be felt for virtually any "target," even targets of a different species (animals included). We can see a deer hurt by a passing car or the dogs locked in crates at a shelter and feel

strongly for their pain or confinement and future. In part, this kind of empathic extension may be motivated by the kind of anthropomorphic attitudes we have about non-human entities as discussed by Nick Epley in his chapter. The fact that we are adept at "feeling for" very different others whom we can observe but not truly understand suggests that we possess a capacity to cognitively re-represent others in our mind in a way we can understand. Indeed, second-order representation is a key component of empathy in humans, and may be a useful adaptation for human survival because it maximizes the range of individuals with whom we can form a social bond.

The Components of Empathy

The psychological components that make up full-blown empathy are supported by distinct and separable psychobiological systems. Empathy can be decomposed into an affective component that includes the perception and sharing of an emotional state observed in another individual, and a cognitive component that includes the motivation and intention to respond. Closely related is a regulatory component that involves adjustment of one's emotional and behavioral response. The affective, cognitive, and regulatory aspects of empathy involve interacting, yet partially non-overlapping neural circuits. The initial component in the overall process leading to empathy draws on somatic mimicry, also known as "emotion contagion." This affective component of empathy develops earlier than the cognitive component. Affective responsiveness is present at an early age, is involuntary, and relies on mimicry and linking of actions perceived in others with actions in oneself (i.e., perception-action coupling). For instance, newborns and infants become vigorously distressed shortly after another infant begins to cry. Facial mimicry of basic emotional expressions also contributes to affective sharing, and this phenomenon starts very early in life, by approximately 10 weeks of age. This primitive mimicry mechanism, which may be based on mirror neurons, which are sensorimotor neurons found in the premotor, motor, and posterior parietal cortex of the brain that become active when observing as well as when enacting a behavior as discussed in Steven Small's chapter. This kind of mechanism may contribute to the development of empathy in the early preverbal period, and continues to operate past childhood. There is evidence that when we perceive emotions and actions of others, we use the same neural circuits as when we produce the same emotions and actions ourselves (e.g., watching another individual being disgusted and experiencing disgust in oneself activate similar neural circuits). For instance, viewing facial expressions triggers expressions on one's own face, even without explicit identification of what we're seeing (4).

The cognitive component of empathy is closely related to processes involved in "theory of mind" (i.e., the ability to attribute mental states to others and to understand that others' mental states can differ from one's own) and self-regulation. The capacity for two people to resonate with each other emotionally, prior to any cognitive understanding, is the basis for developing shared emotional meanings, but it is not enough for mature empathic understanding and concern. Such an understanding requires the observer to form an explicit representation of the feelings of another person, a process that

involves additional mechanisms beyond the sharing of emotion and includes self-regulatory mechanisms to modulate the observer's experience of negative arousal. Specifically, in order to understand the emotions and feelings of others in relation to oneself, second-order representations of the other must be consciously available and must not confuse the other with the self. The medial and ventromedial prefrontal cortices are known to play crucial roles in decoupling first-person and third-person information and maintaining representations of the other as distinct from the self (5).

The regulatory component of empathy, especially regulation of internal emotional states and processes, is particularly relevant to the modulation of vicarious emotion and the experience of empathy as well as sympathy. Empathy is unlikely to lead to helping behavior if the observer is incapacitated by strong empathically evoked emotions, which is why emotional regulation is an important component in empathy. Indeed, children high in effortful control show greater empathic concern, and the tendency to experience empathy and sympathy versus personal distress varies as a function of their ability to regulate their emotions more generally.

How We Perceive Other People in Pain

When witnessing another person experiencing pain, the scope of an observer's reaction can range from concern for personal safety, including feelings of alarm, fear, and avoidance, to concern for the other person, including compassion, sympathy, and care-giving. The existence of the perception-action coupling mechanism apparent in emotional contagion also seems to account for our ability to perceive and understand the pain of others. In the case of pain, individuals are predisposed to find distress of others aversive and learn to avoid actions associated with this distress. This is even the case in many mammalian species, including rodents. For instance, rats that had learned to press a lever to obtain food would stop doing so if their response was paired with the delivery of an electric shock to a visible neighboring rat (6).

Recently, a handful of functional neuroimaging studies performed with healthy human volunteers revealed that the same neural circuits implicated in processing the affective and motivational aspects of pain in oneself account for the perception of pain in others (7). In one study, participants in a magnetic resonance imaging (MRI) scanner either received a painful stimulus or, in other trials, observed a signal that their partner, who was present in the same room, would receive the same stimulus. First-hand experience of pain resulted in activation of the somatosensory cortex, which encodes the way we feel aspects of a noxious stimulus such as its bodily location and intensity. Furthermore, the anterior medial cingulate cortex (ACC), and the anterior insula were activated during both first-hand pain and the anticipated experience of pain in someone else. These regions are responsible for the affective and motivational processing of noxious stimuli such as those aspects of pain that pertain to desires, urges, or impulses to avoid or terminate a painful experience. A number of other neuroimaging studies of empathy for pain in adults as well as in children have demonstrated that the somatosensory cortex is not activated only during first-hand pain but is also activated with the perception of other

people in pain. Altogether, there is strong evidence to suggest that perceiving the pain of others triggers an automatic somatic sensory-motor mirroring mechanism between other and self, which activates almost the entire neural pain matrix including the periaqueductal gray, a major site in pain transmission and for processing of fear and anxiety, and the supplementary motor area that programs defensive movements in response to anticipated pain. Such a neural resonance mechanism provides a functional bridge between first-person and third-person information. It is grounded in the equivalence of self and other, which allows for analogical reasoning, and offers a possible, yet partial, route to understanding others.

Of course, human empathic abilities are more sophisticated than simply yoking perceptions of the self and other. In the eighteenth century, Scottish philosopher and economist Adam Smith proposed that through imagination, "we place ourselves in his situation… enter as it were into his body, and become in some measure the same person with" (8). By means of imagination we come to experience sensations which are generally similar to, although typically weaker than, those of the other person. This capacity to engage in role-taking has been theoretically linked to the development of empathy, moral reasoning, and more generally, prosocial behavior. Unlike the motor mimicry and emotional contagion aspect of empathy, perspective-taking develops later, possibly because it draws heavily on the maturation of executive functions (i.e., processes that serve to monitor and control thought and actions, including self-regulation, planning, cognitive flexibility, response inhibition, and resistance to interference), functions that are predominantly centered in the prefrontal cortex which continues to mature from birth to adolescence. Theoretically, imagining the other is distinct from imagining the self: the former may evoke empathic concern (defined as an other-oriented response congruent with the perceived distress of the person in need) while the latter induces both empathic concern and personal distress (i.e., a self-oriented aversive emotional response such as anxiety or discomfort). This distinction has been supported empirically. When individuals are asked to imagine how they would feel in reaction to emotion-laden familiar situations and to imagine how a known person would feel if she was experiencing the same situations, common neural circuits are activated both for the self and the other. However, relative to imagining the self, imagining the other results in specific activation of parts of the frontal cortex that are implicated in executive control—the use of attention and working memory and decisions—and an area of the brain at the interface of the temporal and parietal lobes of the brain that is a key component of a larger network of neural circuits involved in attention (sometimes called the temporoparietal junction).

Some researchers have hypothesized that the role of the frontal lobes and the temporoparietal junction is to hold separate perspectives or to resist interference against attention to one's own perspective. In a recent functional brain imaging study (9), participants were shown pictures of people with their hands or feet in painful or non-painful situations with the instruction to imagine themselves or to imagine another individual experiencing these situations. During perception of painful situations,

both the self-perspective and the other-perspective were associated with activation in the neural network involved in pain processing. These results reveal the similarities in neural networks representing first- and third-person information. In addition, however, the self-perspective yielded higher pain ratings and involved more extensive activation of some circuits in the pain matrix than did the other-perspective, thus highlighting important differences between self- and other-perspectives.

Neuroanatomical regions and circuits form the foundation for the experience of pain in others, but they are not sufficient to explain variability in interpersonal sensitivity. Although empathetic brain circuits are activated by the mere perception of pain in others, activity in these circuits can be modulated by social, motivational, and cognitive factors. For example, observing pain in likable others (i.e., those who played a game fairly) resulted in an enhancement of empathic brain responses, whereas pain in dislikable others who played unfairly did not. Another functional MRI study (10) found that participants showed significantly greater responses in neural regions that are involved in pain perception when observing the pain of people who were not responsible for their stigmatized condition (i.e., individuals who contracted AIDS as the result of a blood transfusion) than either controls (healthy individuals) or people who were held responsible for their condition (i.e., those who contracted AIDS through illegal drug use). In addition, participants expressed more empathy and personal distress in response to the pain of people who were not responsible for their stigmatized condition as compared to controls. The level of empathic response, therefore, seems to be influenced by motivational factors as well as the interpersonal relationship between the target and the observer.

Altogether, these findings demonstrate that the similarities between affective representations of the self and the other stem from shared neural circuits that can be emulated either automatically or intentionally by the act of perspective-taking. Importantly, these findings also point to some distinctions between these two representations, distinctions that contribute to our capacity to detach ourselves from others sufficiently to make considered responses to their pain.

Conclusion

Empathy, the natural capacity to share, appreciate, and respond to the affective states of others, plays a crucial role in much of human social interaction from birth to the end of life. As would be expected if empathy functions to enhance social cohesion, social non-human primate species also exhibit rudimentary versions of empathy. What humans have in abundance are higher-level cognitive and social abilities (language, theory of mind, executive functions) that can be deployed to modulate empathic responses, and that are amenable to modulation by lower-level processes such as emotional contagion and mimicry. These levels of processing enable empathy to have an impact on a wide variety of human behaviors. From motivating prosocial behavior to providing the affective and motivational bases for moral development, empathy is an invisible force to reckon with when considering how humans behave toward each other.

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Seeing into My Mind and Other Minds

Empathy is defined by Jean Decety as "the natural capacity to share, appreciate, and respond to the affective states of others." Empathy rests on our ability to see into the mind of another while distinguishing it from one's own to be in a position to cooperate, coordinate, and provide the needed care for others. The possession of empathic capacity is not sufficient to determine the precise nature of the response toward others, however. As Decety points out, whether an individual attends to and responds empathically upon observing emotion in another individual depends on, among other things, dispositional tendencies, the relationship between the individuals, and contextual constraints. Motivation to help another is also influenced by the amount of cognitive effort we are willing and able to exert to take the perspective of the other.

Perspective-taking is essentially an attempt to see into the invisible mind of another. What we can't see, we model based on our own mind and like-minded individuals. Nick Epley shows that seeing into and connecting with other minds is such a frequent operation of the social brain that the absence of others inclines people to see human minds in nonhuman entities. Whether it's a tree, a pet, or God, ascribing mind to others endows them with the capacity to experience the same affective states we experience. This shared capacity evokes in us a tendency to feel and express empathic concern for their well-being. Unfortunately, humans do not grant all individuals, much less non-human entities, an equivalent degree of mind. Epley articulates how differences in the capacity to see mind in others have consequences for the way we feel and think about and behave toward others.

Chapter 10[10]

Seeing Invisible Minds

Shortly after taking off from LaGuardia airport in the dead of winter, the engines of US Airways flight 1549 failed after inhaling several large geese. The pilots glided their plane onto the Hudson River, where all of the passengers were rescued, cold, wet, and almost completely unharmed. Explained one passenger, "God was certainly looking out for us." New Orleans Mayor Ray Nagin offered a very different assessment of God's mind following the devastating impact of Hurricane Katrina when he explained that, "Surely God is mad at America. Surely he's not approving of us being in Iraq under false pretense. But surely he's upset at Black America, too."

Depending on your own beliefs, such statements will seem somewhere between insane and insightful. To psychologists, they seem impressive. They seem impressive not because they reveal a keen sense of causal inference, but rather because they reveal what may be the most impressive capacities of the social brain—the ability to reason about, or "to see," what other minds see. Introspection enables you to know your own intentions, report on your own thoughts, feel your own pain, and recognize when you are feeling shame rather than guilt. Other minds, however, are inherently invisible. You cannot know what it is like to be another person on the inside because your skull gets in the way.

The inherent invisibility of other minds poses a major problem for hard-nosed philosophers, who skeptically note that people cannot infer that other minds exist at all. Although it is surprisingly difficult for philosophers to reject the skeptical conclusion from the "other minds problem," almost everyone else casts it aside altogether some time around the age of five. At this point people have developed such a strong capacity to think about other minds that they not only see minds in other people, but they seem to see other minds almost everywhere[1]. Gods can be caring or

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[10] The lead author is Nicholas Epley, Ph.D., a Professor of Behavioral Science at the University of Chicago Booth School of Business. His research investigates people's ability to reason about others' minds, from knowing how one is being judged by others to predicting others' attitudes, beliefs, and underlying motivations, and the implications of systematic mistakes in mind reading for everyday social interactions. His research has appeared in more than two dozen journals, has been featured by the *Wall Street Journal*, CNN, *Wired*, and National Public Radio, among many others, and has been funded by the National Science Foundation and the Templeton Foundation. Epley has written for the *New York Times*, produced lectures for the *Financial Times*, been elected as a Fellow of the Association for Psychological Science, and is the winner of the 2008 Theoretical Innovation Prize from the Society for Personality and Social Psychology.

Other minds are inherently invisible. You cannot see an attitude, smell a belief, or touch an intention, and yet you can nevertheless "see" these mental states in other people with great ease. You can even see them in agents ranging from pets to gadgets to gods. How you are able to see other minds, and how they become visible, matters because it marks the difference between treating others as human beings worthy of moral care and concern versus treating others as objects or animals.

callous. Pets can be thoughtful or devious. And every now and then, computers can have a mind of their own.

Having the capacity to reason about other minds enables people to form deep social connections with others, to empathize with others' pain and share in their joy, and to anticipate others' actions. But having a capacity and actually using it are two different things. People are not naturally inclined to see invisible things in the environment. People do not automatically see into other minds, either, but instead do so only under certain circumstances and with some psychological effort. This chapter will describe how people come to see other minds, how other minds can become more or less visible, and why the visibility of other minds matters for everyday life.

Kinds of Minds

Studying how people understand other minds first requires understanding how people intuitively define another mind. Research suggests that people think of minds as having two distinct dimensions, the ability to act (agency) and the ability to feel (experience)[2]. Mindful agency involves the cognitive activities that enable action, such as the capacity to plan, to have intentions, to engage in deliberate self-control, and to pursue one's own goals. Conscious preferences, attitudes, and beliefs follow from these capacities. Mindful experience, in contrast, involves the cognitive activities involved in reacting to the external world, such as the capacity for self-awareness, and the experience of basic psychological states (like hunger, thirst, or pain), and other-oriented emotions (such as empathy or sympathy). Mindful experience also involves the capacity for metacognition—the capacity to think about one's own thoughts or emotions—exemplified in experiences such as confidence and doubt, or in secondary emotions such as shame, guilt, joy, or hope. People seem to represent these two capacities in others quite independently. A sociopath, for instance, can appear to act with a high degree of mindful agency but no mindful experience, whereas a baby might appear full of mindful experience with relatively little mindful agency. Seeing other agents as mindful essentially means seeing them as able to consciously think and/or to feel. Because you are aware of both your own thoughts *and* feelings, you likely consider yourself—like most people do—to be very mindful.

Making Other Minds Visible

Introspection provides a kind of flashlight that seems to provide direct access to one's own agency as well as experience. Although research demonstrates that introspection is actually a process of indirect inference, it *appears* to us that introspection provides direct access to the workings of our own brain. It seems that we can look on the inside and *feel* when we are suffering, *know* when we are experiencing regret, or be *aware* of our intentions to lose weight. We can use our introspective abilities to make inferences about what others are likely thinking or feeling (and we very often do), but such inferences are likely to seem inherently less direct, less immediate, and less illuminating. We cannot see into other minds as clearly as we seem able to see our own.

When something is difficult to see, people may doubt whether it

actually exists, or may not see it at all. This is true of the relative difficulty that people have seeing other minds compared to one's own, in ways that are sometimes very subtle and surprising. For instance, we tend to evaluate ourselves by consulting our mindful intentions, but we evaluate others (and *their* intentions) by observing their actions. We may consider ourselves to be conscientious if we planned to buy our spouse a birthday gift, but need to see an *actual* gift to infer that our spouse is equally conscientious.[3] We tend to believe that we are more likely to experience complicated mental emotions like shame, guilt, or embarrassment than are others.[4,5] We tend to believe that our own behavior will therefore be guided by moral sentiments like empathy, guilt, or compassion whereas others' behavior is more likely driven by the relatively mindless motives of self-interest.[6] Other minds are more opaque than our own, and some learning, attending, seeking, and projecting is required for our brains to become fully social and see into them. Here's how[7].

Learning. Children do not enter the world able to think about other minds, but they learn to do so fairly quickly. At around three months of age, children start preferentially attending to animate objects compared to inanimate objects, and at around six months of age start to distinguish between intentional (goal-directed) and unintentional (accidental) action. At this age, for instance, children will look reliably longer at a person who is reaching for a cup than to a person who is making the same reaching motion in the absence of a cup. Over the next 18 months, children become more likely to mimic intentional than unintentional actions[8], to follow the gaze of another person and therefore share his or her attentional focus, and recognize that other people may have preferences that differ from one's own. By age two, children's social ability to read other minds seems to have already surpassed that of our nearest primate relatives, and over the next two years they pick up what appear to be uniquely human mind-reading capacities. By age five, children demonstrate the most sophisticated of mind-reading abilities—the capacity to recognize that others' beliefs may differ from one's own and to use those differing (sometimes *mistaken*) beliefs to predict the other agent's behavior. Variability from age five onward comes from learning more specific details about how other minds actually work, largely gathered from personal experience, religious practice, or broader cultural norms.

Many psychologists and neuroscientists speculate that learning to read other minds comes from the deeply social tendency, present at birth, to mimic others' actions. For example, Steve Small examines a neurological underpinning for mimicry, and Jean Decety argues in his essay that an inborn capacity for mimicry underlies the human capacity for empathy. Looking where others look and copying their actions is a reasonable way to copy their likely mental states as well. This egocentric method of using one's own mental experience as a guide to other minds continues to be employed throughout adulthood, and can give insight into others' mental states but can also lead people to overestimate the extent to which others' minds are similar to one's own. These biases tend to be called egocentric when reasoning about other people, and they tend to be called anthropomorphic when reasoning about

nonpeople such as a god or a gadget or a pet.

Attending. People rarely notice things in their environment unless they are specifically attending to them. Other minds likewise tend to be relatively invisible unless attention is specifically drawn to them. For instance, take a moment to think about how happy you are compared to the average American… No really, please take a moment…If you just spent some time thinking about how happy you are and no time thinking about how happy the average American is, then you are no different from the majority of people in psychology experiments who do likewise[8]. People can consider others' thoughts, feelings, beliefs, or emotions, but doing so requires mental effort that is in short and limited supply. Consider, for instance, a simple experiment in which you are playing a game with another person[9]. Both you and the other player in this game must first choose privately to cooperate or compete with each other. If you both choose to cooperate, you both earn $5. But if the other player chooses to cooperate and you choose to compete, then you win $10 and your partner gets nothing. If you, however, choose to cooperate and the other player chooses to compete, you win nothing and your partner wins $10. If you both choose to compete, you both win a measly $2. It seems obvious in this situation that you should consider both what you would like to do, but also consider what the other player is likely to be thinking. Experimental evidence suggests that people do indeed think about the former but spend little time thinking of the latter. In a basic version of this experiment, 60% of people chose to cooperate. However, when people were simply asked to think about their partner's thoughts before making their choice, only 27% chose to cooperate. If people had already been thinking about others' thoughts, as it seems like they would naturally be doing in this situation, then a simple instruction to consider others' thoughts would have no effect on people's own behavior. That is not the case. This simple experiment shows that people may not naturally consider other minds even when it appears that they should. Thinking about other minds requires attentional effort. It does not necessarily come automatically. Indeed, as Tanya Luhrmann describes in her chapter, people may have to work very hard to discern other minds, such as the mind of God, even when they are actively looking for them.

Seeking. If seeing other minds requires attention, then other minds are especially likely to become visible when people are motivated to think about them. There are many reasons why people might try to get into the mind of another agent, from a spouse to a pet to a god, but two are reasonably well-supported by existing research. First, people tend to think about other minds when they are trying to form a social connection with others. [10] Making people feel lonely or isolated, for instance, increases the tendency to describe one's pet as thoughtful, considerate, or sympathetic (all mindful traits). And those who are made to feel lonely are also likely to report believing in mindful supernatural agents, such as God. Second, people tend to think about other minds when they are trying to achieve some understanding and control over their environment or over another agent's behavior.[1] Concepts of mind, including attitudes, beliefs, goals, or desires, can provide compelling cause-

and-effect explanations of behavior that give a sense of predictability and control. A meteorologist may know that a hurricane may strike *here* or *there* depending on environmental conditions. Lacking such knowledge, a hurricane that strikes here rather than there may lead people to invoke a mindful agent—such as a God—to explain that action.

Projecting. If introspection makes your own mind visible, then you might assume that those who look similar to you on the outside might look similar to you on the inside as well. Indeed, animals that move at a humanlike speed (such as a horse) seem more mindful to people than do animals that move either much slower (such as a sloth) or much faster (such as a hummingbird).[11] And an agent that look humanlike, such as a computerized avatar with human face, seems more mindful than avatars that do not look humanlike. Any parent knows how well toy makers love to capitalize on this tendency. But it is the converse of this effect that is even more interesting—other minds become less visible as the agent becomes less similar to the self. Others that differ from you in their interests, nationality, or social status are likely to be seen as less mindful—less thoughtful, less likely to experience complicated emotions, less able to experience pain or suffering—than those that are similar to you. It is little wonder, then, that the history of human conflict is filled with instances of people dehumanizing radically different others, treating them like mindless animals or objects.[12]

Why Minds Matter

It may not be obvious to you why it matters that your neighbor, every now and then, thinks that her computer has a mind of it's own, that a mayor believes that God punished his city by sending a hurricane, or that you truly believe that your pet poodle is thoughtful and considerate. Some of these attributions of mind seem purely metaphorical and therefore unimportant, as ways of speaking rather than ways of believing, whereas others seem to represent genuine beliefs about the real presence or absence of another social mind. But metaphors have a way of influencing behavior in ways that are consistent with believing the metaphor to be literally true. People metaphorically refer to feeling dirty after behaving unethically, and yet washing one's hands actually reduces the guilt that people report feeling from engaging in unethical actions.[13] People are surely just speaking metaphorically when they refer to rejection as being given the cold shoulder, and yet research demonstrates that people do indeed report feeling that a room is colder after someone has just rejected them than after someone has just accepted them.[14] And surely people are only speaking metaphorically when they refer to the stock market as anxious or jittery, and yet describing the market as mindful leads stock traders to believe that trends are likely to continue whereas describing the market as mindless leads traders to predict more random variability.[15] Whether metaphorical or literal, seeing other agents as mindful matters because people tend to treat the agent as if it has a mind. That matters for at least three major reasons.

First, mindful agents have both intentions and the capacity for self-control. Mindful agents can therefore be held responsible for their actions. Possessing a guilty mind (*mens rea)* is necessary for being held criminally responsible for a crime in the US, a

precedent found in courts around the world dating back to the Middle Ages. In times past and cultures in which people did not so naturally restrict intentional capacities to other humans, animals (such as rats) and objects (such as "possessed" statues) were common targets of criminal prosecution[16,17]. Increasing the extent to which other agents seem mindful also increases the praise or blame that they receive for their actions. And even diminishing the extent to which people feel in mindful control of their own behavior (e.g., by undermining people's belief in free will), leads people to behave in ways that are consistent with diminished self-control (such as by cheating on an exam when tempted to do so).[18]

Second, other minds are capable of thinking, and may therefore be thinking about *you*. Being under scrutiny by mindful agents has two basic effects on human behavior. One is that mindful agents become sources of social influence, increasing the extent to which people behave in socially desirable ways[20]. Imagine, for instance, how you might behave if you found a magic ring that made you invisible… and you'll get the point. This ability for mindful surveillance to control behavior has been proposed as one of the reasons, if not the primary reason, why religious systems that posit an omnipresent deity are able to maintain such large-scale cooperative societies. The other effect of mindful surveillance is that it is mentally taxing to monitor others' thoughts. This effortful monitoring can diminish a person's performance on other cognitively demanding tasks[21]. And while waiting for a stressful event, such as giving a speech, people show less stress-related responses when in the presence of their relatively mindless pet than when in the presence of their relatively more mindful spouse[22].

Finally, other minds matter because mindful agents become moral agents worthy of care and compassion[7]. The principle of autonomy captures this most basic of human rights—that because all people have the same minimal capacity to suffer, deliberate, and choose, no person can compromise the body, life, or freedom of another person. Agents with mindful experience, the capacity to suffer, deliberate, and choose, become those that evoke empathy and concern for well being, whereas agents without mindful experience can be treated simply as mindless objects. From debates about abortion to animal rights to euthanasia, the mindful experience of the agents in question is often either the explicit or implicit focus of debate. Making invisible minds visible, and hence more like one's own, enables people to more readily follow the most famous of all ethical dictates—to treat others as you would have others treat you.

Conclusion

It is impossible for scientists to examine whether God was looking out for the passengers of flight 1549 or punishing the residents of New Orleans with Hurricane Katrina, but it is very possible to examine why people might make such inferences. These examinations have revealed a remarkable capacity to look beyond the visible behavior that the environment provides to reason about a completely invisible world of intentions and goals, of motives and beliefs, of attitudes and preferences—an invisible world of other minds. Understanding when people are likely to recognize other minds (and see into them) and when they are not is the

key to understanding when people may be likely to invoke natural versus supernatural explanations, when gadgets can seem to have minds of their own, and when people are likely to treat their pets as people and their enemies as animals. A mind like our own, with the capacity to see into other minds, is essential for an agent to be, as we are, fundamentally social.

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Inferring Minds Where None Can Be Seen

The social brain seeks connections with others. But what is the foundation that we use to build such connections? We experience empathy as a form of emotional resonance and understanding of other people. This connection allows us to comfort and support and celebrate with others. Being in tune with emotional states of others allows us to respond in ways that strengthen a group. But how do we understand the thoughts and goals of others? How do we predict choices and decisions to facilitate cooperation in groups? Anthropomorphism is the basis for predicting behavior and thoughts and goals. Nick Epley discusses how anthropomorphism is rooted in an egocentric view of others. Moreover our view of others is not confined to the others that are people. It is perhaps reflective of the deep and fundamental nature of anthropomorphism in the social brain that its anthropomorphic inferences about agents can be derived from observed behavior, allowing us to understand "minds" where none may exist, as in mechanical toys or alarm clocks. Of course we tend to understand those minds by thinking they are just like us.

Even when there is no agent to be seen, events in the world may be understood by attributing them to unseen agents. During World War II, the bombing of London was demonstrably random, but citizens of London could not help but discern intentional patterns in the attacks. As Epley points out, hurricanes and floods are even today attributed to the hand of God, perhaps an angry God. Clark Gilpin discusses how religions may use this aspect of the social brain to achieve an understanding of God and what God wants. This kind of anthropomorphism can be taken to different metaphoric extremes in personifying God as father or friend. But an overly concrete personification may have costs perhaps diminishing the universality and pervasiveness of God in other religions. Thus religions may differ in theological perspective on the value of the anthropomorphic impulse inherent in the social brain.

Chapter 11[11]

Anthropomorphism: Human Connection to a Universal Society

When Jonathan Edwards, an angular New England minister in his late thirties, mounted the narrow steps into the pulpit on July 8, 1741, the sermon he was about to preach would become one of the most famously electrifying orations in American history, "Sinners in the Hands of an Angry God." Edwards preached this sermon during the massive transatlantic religious revival that gave rise to Methodism in England and came to be known in the American colonies as "the Great Awakening." This was not the familiar pulpit of his congregation in Northampton, Massachusetts, but rather the church at Enfield, a town that had gained notoriety for stubbornly resisting the exhortations of previous preachers of spiritual awakening. From his scriptural text—"their foot shall slide in due time" (Deut. 32: 35)—Edwards drew the doctrine that "there is nothing that keeps wicked men, at any one moment, out of hell, but the mere pleasure of God." Sinners living here and now, Edwards declared, were "the objects of that very same anger and wrath of God, that is expressed in the torments of hell," and that wrath was an annihilating fire that already "burns against them; their damnation does not slumber; the pit is prepared; the fire is made ready…to receive them." In a notorious image, Edwards portrayed God dangling the sinner's soul over the fires of hell like a spider on a single, slender filament of its web. The sermon achieved stunning results, as recorded in the diary of one of those present, Stephen Williams: "before the sermon was done, there was a great moaning and crying out throughout the whole house—what shall I do to be saved; oh, I am going to hell; oh, what shall I do for a Christ." The "shrieks and cries were piercing and amazing," Williams reported, and the scene was so tumultuous that Edwards had to stop before finishing his sermon.[i]

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[11] The lead author, Clark Gilpin, Ph.D., is the Margaret E. Burton Professor of the History of Christianity at the University of Chicago Divinity School. Clark studies the cultural history of theology in England and America from the seventeenth century to the present. From 1990 to 2000, he served as dean of the Divinity School, and from 2000 to 2004 he directed the Martin Marty Center, the Divinity School's institute for advanced research in all fields of the academic study of religion. His current research projects include a book with the working title *Alone with the Alone: Solitude in American Religious and Literary History*, which explores ways in which the spiritual discipline of solitary writing—autobiographic narratives, journals, and letters—shaped the careers of major New England intellectuals of the eighteenth and nineteenth centuries.

Anthropomorphic representations of God make many modern people very nervous, including many religious people. Attributing human-like ideas and emotions to the comprehending powers of the universe not only seems out of step with modern science but also a presumptuous confinement of the world within merely human needs and capacities. Yet, the impulse to speak anthropomorphically about our "ultimate environment" has vigorously persisted into the modern age. Rather than dismissing anthropomorphism as an outmoded way of thinking, this essay adopts a historical approach to rethink why anthropomorphism exhibits this perennial capacity to focus the human ethical imagination on our relations with and obligations to the universe within which we live.

As the classic American example of fire-and-brimstone Protestant preaching, "Sinners in the Hands of an Angry God" depends, for its effect, on *anthropomorphism*: ascribing human form and attributes—hands, emotions, and purposive agency—to nonhuman phenomena. Anthropomorphism has been a hotly debated feature of religion since classical antiquity. But, in the modern world, religious anthropomorphism has become especially controversial, while, at the same time, also becoming a crucial concept in modern theories about the very nature of religion.[ii] Modern objections to anthropomorphism have taken two major forms. First, traditions within Judaism, Christianity, and Islam have long opposed the worship of "idols," and regarded anthropomorphism as a dangerous assault against genuine piety and properly theological understanding of existence. In the modern period these religious objections against anthropomorphism have eventuated not only in sophisticated intellectual polemics against anthropomorphic concepts of God but also in popular movements of iconoclasm, which protested against anthropomorphic representations of the divine and sometimes physically destroyed anthropomorphic images. Second, the rise and development of modern science has emphasized the regularity of the processes that structure the natural world. And even when these orderly processes were described as natural "laws"—a term with obvious anthropomorphic connotations—they have generally been understood in ways that are thoroughly impersonal and lacking any intrinsic purpose or design. Hence, modern science has generated numerous questions about religious interpretations of influence on the course of nature by divine ideas and purposes. Since the late nineteenth century, many instances of the so-called "warfare" between science and theology have turned on the issue of whether any scientific plausibility could be attached to concepts of a divine mind, purpose, or intention that guided or ordered the structure of the universe.[iii] According to the philosopher Charles Taylor, the transition from perceptions of a divinely ordered, purposive universe to an "impersonal order" of nature marked a pivotal change that, especially since the eighteenth century, has shaped "a secular age" among the societies of the modern West.[iv] In short, anthropomorphism has not only become a source of tension within religions but also something of an impasse between religious and scientific interpretations of the universe. Nonetheless, anthropomorphic assumptions remain vigorously present in many of the modern forms of theology, spiritual practice, and religious art, a persistence that suggests the strength of the psychological and social functions performed by anthropomorphic representation.

In light of these longstanding controversies about religious anthropomorphism, the graphically anthropomorphic, spider-dangling deity of Edwards's sermon would seem to offer a good test case for understanding how anthropomorphic religious language works in the modern era. Such an understanding begins with one of the central themes of this book, namely, the powerful human motivation to establish and maintain social connections. Anthropomorphism extends this drive for social connection beyond the boundaries of human societies by attributing human characteristics to

nonhuman phenomena. In this way, anthropomorphic language incorporates human society in a web of ethical obligations that connect to the natural environment and, by imaginative extension, to the universe as a whole. Although the drive toward social connection is a general human trait, however, persons neither seek nor find satisfaction in a generalized sense of connection. Instead, satisfying social connections are sought and experienced in terms of the social norms and values of particular historical and cultural settings. Likewise, anthropomorphism, as an inferred social connection to the nonhuman, takes shape and becomes persuasive in terms of historically and culturally specific assumptions about society and social relations. This chapter will, therefore, step back from "Sinners in the Hands of an Angry God," in order to describe how contemporary scholarship in social neuroscience and in the history of religions provides a fresh point of view on the workings of anthropomorphic perception and then test that interpretive model by reappraising Edwards's famous sermon in its historical context.

The Boundary of the Human

The line between the human and the nonhuman is, perhaps, the most consequential presupposition that any society, group, or individual adopts about life in the world. The way various cultures draw this line, between "us" and "the other," has shaped civilizations and their goals as well as the norms of personal conduct and identity. Although concepts of the human have a long and contentious philosophical history, people in their everyday lives show remarkable consensus in the features they use to define "human." Central to this process of perceiving the human is a perception of mind in other agents, including the presence of goal-directed agency, emotions such as anger, guilt, or pride, a capacity for self-awareness, and free will. As Nick Epley demonstrated in the preceding chapter, the perception of these distinctively human traits—"seeing invisible minds"—is a psychological mechanism with tremendous influence on the way humans order and understand their social environment.

Mind perception is such a powerful tool of inductive inference, however, that it regularly crosses the line it has itself drawn between the human and the nonhuman. Scholars from a wide array of disciplines have long observed humans' anthropomorphic tendency to see nonhuman things or events as humanlike, imbuing the real or imagined behavior of nonhuman phenomena with human motivations, agency, and emotions. By perceiving the world in terms of human capacities and social relationships, anthropomorphism builds a complex system of analogies that uses knowledge of what it is like to be a person, in order to interpret the behavior of animals, the function of technological devices, the operation of complex social systems such as "the market," or natural occurrences such as violent weather patterns or catastrophic events.[v] Hence, anthropomorphism, as a process of inference that not only draws but also crosses the line between the human and the nonhuman, has very substantial consequences for the human sense of connection to nonhuman animals, to larger ecological systems, and to the structure of the universe taken as a whole.

Contemporary psychological research has created an intellectual space that opens the phenomenon of

anthropomorphism to fresh possibilities for interpretation that are especially important for understanding its role in the human spiritual traditions in modernity, as well as the controversies surrounding that role. This research proposes that a single set of psychological mechanisms is likely to explain when people perceive a mind at work in an encountered phenomenon, regardless of whether the thing in question is a god, a machine, an animal, another person, or an uncanny sequence of events. From this perspective, the psychological process of anthropomorphic inference works in concert with two other motivational mechanisms: the need to interact effectively with nonhuman phenomena in our environment and the desire to establish social connections with other humans.[vi] The phrase *anthropomorphic inference* fails to capture, however, the interactive dynamism that infuses a person's perception that a mind is at work in another agent. Put more strongly, our sense that mind is present in the other is, in no small measure, the sense that we are *communicating*. The absence of this communicative dimension of mind perception is precisely the tragedy in the family of an Alzheimer's patient—the loss of reciprocal recognition. As Tanya Luhrmann vividly illustrates in the next chapter, religious anthropomorphism builds on the notion that this communicative reciprocity extends beyond the boundary of human society into the wider environment and includes social connection and communication with the divine.

Anthropomorphism adds an obvious but important twist to these psychological mechanisms: whenever a person ascribes human attributes to a nonhuman phenomenon, the person nonetheless continues to perceive it as nonhuman. When, for instance, a pet owner observes a dog's reliability and infers that this behavior arises from the dog's faithfulness, the owner does not go on to say that the dog *is* human. Indeed, an indispensable aspect of an anthropomorphic way of seeing Fido's faithfulness is that the person also continues to see Fido as a dog. This dual perception is even more pronounced in a parallel illustration: a person observes the everyday reliability of gravity and infers that this arises from faithfulness at the heart of the natural order. Both illustrations indicate a close connection of anthropomorphism to metaphor, in which persons understand one kind of thing in terms of another by identifying a feature that bridges their difference without eliminating it. The specific feature, in this case *faithfulness*, posits a point of comparison that enables a familiar human capacity for loyalty to enable interpretation of another, unfamiliar or alien phenomenon. The illustrations further suggest that Fido's faithfulness is what could be called *weak* anthropomorphism, because one could plausibly argue that dogs and humans actually do share a capacity for faithfulness. We perceive that, as mammals, they exhibit many behavioral similarities. By contrast, the perception of faithfulness as an attribute of the natural order is *strong* anthropomorphism, because it makes a far more daring inference in its effort to draw an analogy that produces insight or knowledge about the communicative reciprocity of the human and the nonhuman. Religions, as Edwards's sermon illustrates, build primarily on strong anthropomorphism in order to propound communicative social

connection with the nonhuman world. The metaphorical and analogical reasoning so characteristic of religious interpretations of the world is not merely a rhetorical flourish but is, instead, closely tied to general psychological processes in which self-knowledge and knowledge of other humans function as the most readily accessible starting points for inferences we make about human connections to the most comprehensive and consequential forces at work in the nonhuman world.[vii]

Anthropomorphism's dual perception of nonhuman phenomena—as simultaneously both like and unlike human persons—has shaped modern religious and spiritual perceptions in two especially intriguing directions. In one case, it has fastened on the *difference* between the human and the divine and cultivated iconoclastic perceptions of the spiritual in which anthropomorphic representation is regarded as a dangerously misleading, albeit necessary, accommodation to the limitations of human reason.[viii] In the other case, it has emphasized the point of metaphorical *identity* between the human and the nonhuman. Thus, an ancient idea held that the physical universe was a macrocosm mirroring the human microcosm, and this included what literary critics have named "the pathetic fallacy," that is, a sympathetic response in nature to the affective states of humans. The early modern political philosopher Hugo Grotius (1583-1645), for example, described how human disobedience to divine law prompted an anthropomorphic emotional response from nature: "with sad motion wheeling, let the sky lament and mourn."[ix] In the modern history of religions, these two modes of anthropomorphism, one accentuating difference and the other accentuating identity, have varied according to social circumstance, rhetorical purpose, and political ramifications. "Sinners in the Hands of an Angry God" illustrates, in one historical context, how anthropomorphic language crosses the boundary of the human in order to interpret human ethical responsibility to both the human and the nonhuman environment.

The Rhetoric of Divine Wrath

Clearly, Edwards's anthropomorphic rhetoric destabilized in a terrifying way the Enfield congregation's complacent perceptions of the world. It did so by starting from an assumption that Edwards and the congregation shared: that humanity's ultimate environment should be construed, anthropomorphically, as a cosmic society held together by a covenant that God had made with the whole of creation. The sermon induced terror among the congregants by graphically portraying their own responsibility for disrupting the harmonious order of this all-encompassing society and provoking divine wrath for their rebellion against the covenant.

The primary evidence for this divine wrath came not, however, from the external orders of nature and divine providence, which Edwards imagined working together to maintain the harmonious order of the world. Instead, wrath had arisen from a clash between the benign will of the world and the rebellious human will: "there is laid in the very nature of carnal men a foundation for the torments of hell: there are those corrupt principles, in reigning power in them, and in full possession of them, that are seeds of hell

fire." For the present God restrained human wickedness "by his mighty power, as he does the raging waves of the troubled sea," but, if God should withdraw that restraining power, humanity's willful self-regard would overturn nature. The most dangerous fire in creation was not, therefore, the fire of hell but rather the hellfire bursting forth from an unrestrained human will: "The corruption of the heart of man is a thing that is immoderate and boundless in its fury; and while wicked men live here, it is like fire pent up by God's restraints," but, should God ever relax his governance, humanity's boundless fury "would set on fire the course of nature."

The turmoil stirred by human willfulness, like a violent storm at sea, threatened to capsize the ark of the universe, and the earth responded to this threat in a terrifying version of the pathetic fallacy, in which not empathy but enmity arose between humans and their natural environment. Consequently, except for "the sovereign pleasure of God, the earth would not bear you one moment," and Edwards warned the Enfield congregation that "the creation groans with you" and resented its subservience to human usurpation: "the sun don't willingly shine upon you to give you light to serve sin and Satan; the earth don't willingly yield her increase to satisfy your lusts; nor is it willingly a stage for your wickedness to be acted upon; the air don't willingly serve you for breath to maintain the flame of life in your vitals, while you spend your life in the service of God's enemies. God's creatures are good, and were made for men to serve God with, and do not willingly subserve to any other purpose, and groan when they are abused to purposes so directly contrary to their nature and end." A rebellious humanity antagonized the rest of creation, "and the world would spew you out, were it not for the sovereign hand of him who hath subjected it in hope."

The just order of the cosmos would rightly destroy humanity for its willful rebellion against the order of the whole, and the fact that this had not already happened was the expression of something like the self-restraining mercy of a monarch who does not order the execution of a traitor who has offended the royal honor: "The bow of God's wrath is bent, and the arrow made ready on the string, and Justice bends the arrow at your heart, and strains the bow, and it is nothing but the mere pleasure of God, and that of an angry God, without any promise or obligation at all, that keeps the arrow one moment from being made drunk with your blood."

The Great Awakening was coterminous and interactive with the eighteenth century development of the modern physical sciences, especially building on the work of Isaac Newton (1642-1727). Edwards's assumptions about the harmonious order of creation combined the science of his day with the aristocratic social order of eighteenth-century society. In warning the town of Enfield that it had transgressed the cosmic order, Williams was also asserting that it had violated the societal aspect of that order; as minister, he called the town to task for both violations.

Conclusion

Edwards imagined the Newtonian universe as an aristocratic social hierarchy held in harmony by sovereign law, at once moral and natural.

In this hierarchy one member—the human—had stepped beyond its assigned place in the cosmic society and now lived in an unwitting complacency, ignoring the precarious finitude of a life being pursued by a radical judgment: "'tis nothing but [God's] hand that holds you from falling into the fire every moment: 'tis to be ascribed to nothing else, that you did not go to hell the last night; that you was suffered to awake again in this world, after you closed your eyes to sleep: And there is no other reason to be given, why you have not dropped into hell since you arose in the morning, but that God's hand has held you up."

Like his contemporaries, the deists and religiously inclined scientists such as Newton himself, Jonathan Edwards assumed the "Newtonian world machine," operating with the metronomic regularity of natural law. Presupposing both the science and the aristocratic social hierarchy of his day, Edward introduced anthropomorphic language to create a clash between this harmonious order and the willful self-interest of humans who dared to ignore their proper rung on the ladder of existence. As a preacher of penitence, he carried his anthropomorphic imagery to extravagant heights in order to induce a reversal of behavior in a recalcitrant town. The sermon effectively threatened the people of Enfield with what amounted to "metaphysical ostracism," an expulsion no less thoroughgoing than the primordial ejection of Adam and Eve from the garden. The palpable effect of this imagery depended on the evocation of the natural and social orders rising up like, and yet unlike, an angry monarch to crush rebels against the cosmic commonwealth.

References

[1] In the interests of clarity, I have slightly rearranged and modernized this quotation. It and all quotations from Edwards's sermon are taken from Jonathan Edwards, *Sermons and Discourses, 1739-1742*, ed. Harry S. Stout and Nathan O. Hatch, with Kyle P. Farley, *The Works of Jonathan Edwards* 22 (New Haven: Yale University Press, 2003), 404-18.

[1] Social scientific analysis of the relation between anthropomorphism and religion is summarized by Steward Elliot Guthrie, who argues "religion *is* anthropomorphism" in his book *Faces in the Clouds: A New Theory of Religion* (New York: Oxford University Press, 1993), 178. The most lucid and succinct historical treatment remains Frank E. Manuel, *The Eighteenth Century Confronts the Gods* (Cambridge: Harvard University Press, 1959).

[1] I have in mind such authors as John William Draper, *History of the Conflict between Religion and Science* (1874), and Andrew Dickson White, *A History of the Warfare of Science with Theology in Christendom* (1896). For a more recent example, see Richard Dawkins, *The God Delusion* (Boston: Houghton Mifflin, 2008).

[1] Charles Taylor, *A Secular Age* (Cambridge: Harvard University Press, 2007), 270-95.

[1] For a sampling of relevant recent work, see Philip Husbands, Owen Holland, and Michael Wheeler, eds., *The Mechanical Mind in History* (Cambridge: MIT Press, 2008); and Lorraine Daston and Gregg Mitman, eds., *Thinking with Animals: New Perspectives on Anthropomorphism* (New York: Columbia University Press, 2005). Ralph Waldo Emerson made the classic American argument for the positive reciprocity between the human and the natural. This idea of mutuality takes a different turn in our contemporary situation, in which industrial and technological

advances have begun to alter the climate and thereby blurred the boundary between the human and the natural in another way. See for examples of this phenomenon, Bill McKibben, *The End of Nature* (New York: Random House, 1989).

[1] Nicholas Epley, Adam Waytz, and John Cacioppo, "On Seeing Human: A Three-Factor Theory of Anthropomorphism," *Psychological Review* 114 (2007): 864-86.

[1] Sheldon Sacks, ed., *On Metaphor* (Chicago: University of Chicago Press, 1978); David Tracy, *The Analogical Imagination: Christian Theology and the Culture of Pluralism* (New York: Crossroad, 1981).

[1] Alain Besançon, *The Forbidden Image: An Intellectual History of Iconoclasm*, trans. Jane Marie Todd (Chicago: University of Chicago Press, 2000); Joseph Leo Korner, *The Reformation of the Image* (Chicago: University of Chicago Press, 2004).

[1] Merritt Y. Hughes, "Earth Felt the Wound," *English Literary History* 36 (1969): 193-214.

Personifications of God

Jonathan Edwards wrote during a time in which monarchs reigned supreme. Writing from this perspective, he argued that the universe is a cosmic society organized under the leadership of a King of kings, a society against which humans have rebelled and, as a consequence, humans are at risk of annihilation except for the mercy of the King. Judgment day will come, according to Edwards, and those who have failed to meet their moral responsibility to the directive of the universe face eternal isolation. Clark Gilpin notes that by conjuring up a personified God – a God with emotions, intentions, and the capacity to act – Edwards instilled great fear and trembling in his listeners that presumably motivated them to change their behaviors in the desired direction. It is hard to imagine that Edwards would have had comparable success had he resorted to simple instructions or exhortations to engage in certain behaviors and avoid others. The innate tendency of people to understand divine entities in terms of what people do understand, namely their own thoughts, feelings, and beliefs, provided the leverage on which Edwards relied to drive his message home.

Tanya Luhrmann also discusses a personalized construction of God – a God with whom one can consult and who intervenes in one's daily life. People are intrinsically motivated to form social connections, and very little in life is more rewarding to people than their social relationships. Luhrmann, who adopts the perspective of a participant observer, finds that a new evangelical Protestant movement, the Vineyard Church, appeals to this motivation to depict God as one's personal guide and friend, well within one's sensory reach. By conjuring up an anthropomorphic God with loving emotions, intentions, and actions, the Vineyard Church creates a desire for a personal relationship with God. But developing a relationship with an invisible God defies rationality. People must learn how to transform an abstract concept of an invisible God into a concrete sensory presence in their lives. Just as the social brain can perceive nonhuman objects as human, the social brain is also capable of selectively attending to sensory experiences and interpreting these sensations as God's presence.

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this perspective, people believe in God because it is so easy to believe in invisible supernatural presence, and the great religions are elaborations around this basic core.[1]

Belief in the Invisible

Yet it is also true that in many ways it is hard for people to believe in the invisible, intentional being of God, at least in some ways and at some times. It is one thing to believe in the abstract that there is a good and loving God; it is another thing to believe that this God loves you in particular this very afternoon when your car has broken down in the rain. Many Christians struggle at some point with whether God exists or with whether they understand God's nature. A young man may come to university as a devout Christian, take a course on religion, and begin to wonder whether Christ as well as Krishna are cultural constructions. A depressed woman may understand herself as devout, but find that when she sits down to pray she feels that no one is listening to her prayers. And always there are times when terrible things happen to good and faithful people who often continued to believe in God in the abstract, but who find that they can not longer pray at all. The struggle between espoused religion (the religion one asserts; the Nicene creed) and lived religion (the way in which one experiences God from moment to moment) is central to the life of the Christian, and perhaps to the lives of most believers.

The problem for believers is that to experience the Christian God as present, one must override three basic features of human psychology, features that are also part of our evolutionary inheritance. A person must override the expectation that our minds are private, an expectation so substantial that researchers have shown that it develops around the world at a more or less similar age and can be found even in non-human primates. A person must override the expectation that persons are visible. And finally, a person must override the expectation that love is conditional, as it is for all social beings beyond a certain age, when right behavior is expected as a condition of human interaction. At least, some versions of Christianity expect unconditional love.

The deep puzzle of faith is not *why* but *how*. How is it possible that people are able to violate such fundamental expectations of presence? The answer, in part, is that they do not. For most Christians, it will be a lifelong process to believe in all times and in all ways that their God is real for them in the way that their church tells them that God is real. As the psalmist laments: "how long wilt thou forget me, Oh Lord? For ever? How long wilt thou hide thy face from me?" (Psalm 13: 1). What they do to make God plausible for them depends upon their understanding of God and on what the social world of a faith teaches about how to experience their minds and bodies to find evidence for God's presence.

Learning to Sense the Presence of God

In 2004 I set out to study ethnographically the way God becomes real for people in a church that would exacerbate the cognitive burden of belief. I chose an example of the new Protestant church that grew up after the 1960s.[2] Those churches set out as an invitation to experience God as concretely and as vividly as God had been experienced by the earliest

Christian disciples. This God is both intensely human and intensely supernatural. In these churches, God is understood as so person-like that he becomes someone to joke and argue with, someone one chats to when walking down the street, about the little trivial things that matter only to the congregant. Coming to know God in such a church is described as to hear God "speak." Dallas Willard, a beloved evangelical's intellectual, puts it baldly: that God's face-to-face conversations with Moses are the "normal human life God intended for us." I conducted ethnographic fieldwork at a church that exemplifies this approach to God, a Vineyard Christian Fellowship in Chicago and then on the San Francisco peninsula (there were eight such churches in Chicago and four on the peninsula). For three years I went to Sunday morning gatherings. I joined three small groups, or housegroups, each for a year; I went to conferences and retreats; and I interviewed many congregants casually and also more formally about the way they experienced God.

Overall, what I observed was that the process of coming to know God in such a church could best be described as a mapping process in which the congregants learn to use the familiar experience of their own minds and bodies to give content to the abstract experience of God. This is the way that humans learn most commonplace abstract words, in effect cognitively mapping from what we know to what we can only imagine. God speaks: so congregants learn to infer from their own experience of inner speech the way in which God talks to them. God relates: so congregants learn to imagine a relationship with God based on their own experience of relationship. And God loves: and congregants use their own experience of being loved by a human as an example of the way they are loved by God. But unlike learning about time, congregants also map back. They build up a model of God by interpreting out of their own familiar experience into a representation shaped by the social world of the church and the narrative of the sacred text, and then they seek to re-map their own interior emotional experience by matching it to this representation. This demands constant effort, continual work on the way one pays attention and interprets one's experience. As an ethnographer, I could see three kinds of work.

First, God must be recognized as present. What congregants learn to do is to cherry-pick mental events out of the everyday flow of their awareness, and to identify that moment as other than themselves, as being of God. God was said to speak in several different ways. He spoke through the Bible, so that a verse "jumped out" at a congregant, or in some way drew their attention. For example:

"I was reading in [some book] and I don't even know why I was reading it. There's a part where God talks about raising up elders in the church to pray for the church. And I remember, it just stuck in my head and I knew that the verse was really important and that it was applicable to me. I didn't know why. It was one of those, let me put it in my pocket and figure it out later." How did she know that it was important? "Because I just felt it. I just felt like it really spoke to me. I don't really know why. And a couple of days later a friend asked me to be on the prayer team and it was like, wow, that's what it was."

God spoke also through circumstances. What a skeptic might interpret as coincidence is understood as God's intentional decision to direct the congregant's attention. For example:

"Everything in my life right now is focused on trying to get to England, and I needed to get some ID pictures. So I was really anxious—the money hasn't really come together—and one afternoon I just felt like God said, you need to get up and go get those. Go get those ID pictures that you need. I was like, that's totally inefficient. I don't have a car, so it's like walking half an hour to Walgreens and another half an hour back. Like, I could do this later and combine it with several things I need to get done. But I felt it was a step of faith to do this thing. So I did it—grumbling. Then on the way there and back I ran into three people I knew, and I felt that there was a kind of pattern, and that I was in the right place at the right time."

These ways of recognizing God are widely shared in many forms of Christianity. More specific to experiential evangelical Christianity is the expectation that God will speak directly into the mind, by placing a mental image or thought or sensation there. For example:

"I'm praying for someone and, you know, they say their situation, what they want me to pray for. I start praying and start trying to, you know, really experience God, and, you know, I see these vivid images, and I'm explaining these vivid images and what I think they mean and, you know, sort of checking in with the person, you know, does this resonate with you? They're like "oh, my gosh, yes! How did you know that?"

Most congregants find this process of pulling out specific thoughts and ascribing them to God baffling at first: again, the process violates the basic human experience that the mind is private. A congregant commented: "now I know that the 'something' is God, God's voice. But I didn't at all have words to describe it at that time I didn't understand. It was very confusing."

The social world of the church taught specific ways to differentiate between mental events that are God and that are not. This technique has been taught in the church since the earliest time as "discernment," although the content of the word and its rules has varied with the era. In the modern experiential evangelical church, the rules of discernment are more often taught by example and gossip than explicitly. Nevertheless, there appeared to be four principles. A thought might be said to come from God if: the thought was unexpected; the thought was consonant with God's nature; the congregant had additional confirmation (one "tested" the thought); and one felt peace during the experience. The process was understood to be ambiguous, and left room not only for the congregant to be wrong, but for different congregants to disagree about whether God had, in fact, spoken in a particular manner. One afternoon, a woman spoke in front of the church explaining that God had spoken to her and told her that she should carry out some mission work in a lovely part of Mexico. The man sitting next to me said drily, "God sure wants a lot of evangelizing in Puerto Vallarta."

Second, God must be experienced in relationship. Such churches invite congregants to experience God in their imaginations as a person. Again, this violates a basic psychological expectation: persons have faces to observe and hands to shake. Human relational interactions are based on sensorial response. Churches like the Vineyard explicitly suggest that one should imagine a sensorial response from God and encouraged congregants to participate in a kind of let's pretend play in which God was present. The pastor suggested one Sunday morning that congregants should put out a second cup of coffee for God, and sit down with him to chat. People went on "date night" with God. They would get a sandwich, and sit down on park bench to talk with God as they imagined his arm around their shoulders. They would ask God truly trivial questions like what shirt they should wear in the morning and what movie he thought they would like. These behaviors were clearly play-like. One congregant remarked: "I definitely do that. When I can't decide what to wear. Like, God, what should I wear?" Then she laughed. "And you know, then I kind of forget about the fact that I asked God. I think God cares about really, really little things in my life. I mean I know God cares, but I don't expect him to tell me what to wear. I'm like, Oh, I think I'll wear that and forget I even asked God!" This invitation to play was C.S. Lewis' explicit contribution to twentieth century Christianity: "let us pretend to turn the pretense into a reality." In churches which encourage such play, heresy fades in importance. The pastors and the committed congregants worry about "deadness," not flawed imagining.

Third, congregants must learn to respond emotionally to God as if God is real. If God is real, a Christian (at least, the modern evangelical Christian) should experience the emotions that one would feel if one were loved unconditionally. Most do not. It is, in fact, difficult for humans to experience themselves as unconditionally loved because no matter how warm and loving a parent may be, at some point the child is expected to control his or her behavior and parental love will becomes contingent. The task of feeling unconditionally loved imposes upon the congregant not only the burden of identifying and relating to an invisible being, but experiencing emotions in response to that being's love which the congregant rarely, if ever, truly experiences. Congregants talk about the experience of unconditional love as rare: they speak of "those moments" when one really feels God's love.

I was driving home from grocery shopping in the car and I stopped at a light and suddenly for no reason that I could come up with, I was weeping and I felt a massive and awesome sense of the presence of God in the car with me. It just came and I had absolutely no control over it. I pulled over to the side of the road—I remember thinking that I was *so in love* with Jesus at that moment that no one else on the planet could come close. After about twenty minutes of real intensity the feeling subsided somewhat, but the presence of Jesus stayed with me. I drove home not really ever able to fully express what happened without sounding like I'd taken something illegal.

The more immediate aim seemed to be to experience what Galatians 5:22-23 calls the "fruits of the spirit": love, joy, peace, patience and so forth. The social life of the church was rich in emotional practices which sought to reshape the

congregants' interior emotional world by modeling the self on God, or on the self as seen from God's loving perspective. One of the most important was prayer ministry, where the person for whom the prayer is given is often crying and in visible pain; those around the person are offering prayers which describe the ways in which the sobbing person is loved by God. Another was treating prayer like a psychotherapy session. One congregant explained: "It's just like talking to a therapist, especially in the beginning when you're revealing things that are deep in your heart and deep in your soul, the things that have been pushed down and denied." In these churches which emphasize God's love and intimacy, hell and fear largely disappear.

The central demand of these learning practices is to use one's own mental experience as evidence and content for the responsive presence of this God, who is believed to be other than oneself, and to use pretend play to integrate those mental events into a representation that is persuasively external to the self. The emotional practices provide both direct evidence of God's love and, more generally, evidence that participation in church is satisfying and worthwhile. In effect the process asks the congregants to carve God out of their own experience and to experience those phenomena as other; and it uses the emotional practices taught by the church and the social world of the congregation to help them hold that God separate and apart and lovingly responsive.

This is hard work to do, and not everyone was able to do it, or to do it easily. Here two congregants describe their difficulty in experiencing God directly despite their efforts.

Jake: "I remember desperately wanting to draw closer to God, and [to have] one of these inspired Holy Spirit moments … I wanted those [experiences] and I sought them out, but I never found myself encountering them"

Irene: "I don't understand the gift of prophecy completely. I'll probably never will and I don't have it and I don't want it because it would scare me."

Here is another congregant who has been able to do so:

Nora: "It was pretty early on in my relationship with him. I was just all full of myself one morning. I just had wonderful devotions and worships and just felt so close. I went out, and it was the most god-awful day. It was icy rain and gray and cold and it was sleeting. I'm just full of the joy of the Lord, and I say, "God, I praise you that it isn't snowing, and that nothing's accumulating, and that the streets aren't icy"—and then I went around the corner, and I hit a patch of ice, and just about went down. It was so funny to me. I just burst out laughing out loud. It was just so funny that he would put me in my place in such a slapstick personal kind of way. But then he just graced me the rest of the morning. The bus showed up right away, which it never does. I was reading, and I missed my stop to get off, and I heard God say, "Get off the bus." I looked up and hollered, and the bus actually stopped, half a block on, to let me get off. I just felt that intimacy all morning. Like when you go from holding a new boyfriend's hand to kissing him goodnight …."

Some people experience God speaking directly to them in an easy relationship. Others do not.

As a result of my involvement with the Templeton group, I decided to carry out some quantitative and experimental work to see whether we could figure out the differences between those who found it easy to do this work, and those for whom it was difficult. That work suggests that there is a psychological capacity that makes the process of knowing this kind of God easier, though its absence does not prevent religious experience, and its presence does not predict it. It is the capacity for absorption, which is at the heart of imagination. Absorption is the capacity to focus one's attention on a non-instrumental (and often internal) object while disattending to everyday exterior surrounds. Absorption is related to hypnosis and dissociation, but not identical to either. All of us go into light absorption states when we settle into a book and let the story carry us away. There are no known physiological markers of an absorption state, but as the absorption grows deeper, the person becomes more difficult to distract, and his sense of time and agency begins to shift. He lives within his imagination more, whether that be simple mindfulness or elaborate fantasy, and he feels that the experience happens to him, that he is a bystander to his own awareness, more himself than ever before, or perhaps absent, but in any case different. And as the absorption grows deeper, people often experience more imagery and more sensory phenomena, sometimes with hallucinatory vividness. Scholars do not discuss training in absorption, although researchers of hypnosis and dissociation are clear that some kind of practice effects can be seen. [3]

Conclusion

Prayer is basically training in absorption, at least the kind of prayer in which the person praying focuses inwardly and disattends to the everyday world in order to engage with God. It would be hard to over-estimate the importance placed on prayer and prayer experience in a church like this and indeed, in Christian America today. Many of the best-selling Christian books are books on prayer technique, and they sell in the millions. Such books often begin by presenting the concrete sensory experience of God described in the Hebrew Bible as the everyday relationship for which the ordinary believer should strive. In these manuals, the act of praying is understood as a skill that has to be deliberately learned. I discovered that these evangelical congregants assumed that prayer was a skill which had to be taught, that it was hard, that not everyone was good at it, and that those who were naturally good and well trained would experience changes associated with a more richly developed inner world. Their mental images would seem sharper; they would be more likely to report unusual sensory experiences. They would be more able, in short, to experience God. The more quantitative work—done in collaboration with Howard Nusbaum and Ron Thisted--suggests that those who have a proclivity for absorption and who trained that proclivity through prayer are indeed more able to accomplish the demanding learning that this concept of God sets out. [4] They are more able to identify God's presence in their mind. They are more likely to experience God as an invisible

companion. They may be more capable of responding to God emotionally.

All theologies have trade-offs. This one offers an intensely personal and person-like God. He can comfort, like a friend, and respond directly, like a friend. He can be like a real social relationship for those who make the effort to experience him in this way. But because that social relationship lacks so many features of actual human sociality—no visible body, no responsive face, no spoken voice—such a theology demands a great deal of effort from those who follow it. They must constantly work with their attention, reinterpreting the ordinary and natural into the presence of the extra-ordinary and super-natural. Faiths which manage God differently—less personal, more present in the everyday natural world—make fewer demands on their followers' attentional habits. But it may be, perhaps, that such a God may be easier to take for granted. Paradoxically, it may be that this high-maintenance, effortful God appeals to so many modern people (as many as a quarter of all Americans, according to a recent Pew study) precisely because the work demanded makes the God feel more real in a world in which disbelief is such a real social option.

References

[1] Scholars who contribute to this perspective include Scott Atran, Justin Barrett, Pascal Boyer, Stewart Guthrie, and Harvey Whitehouse.

[2] These churches have been described by Miller, D. 1997. *Reinventing American Protestantism*. Berkeley: University of California; see also Wuthnow, R. 1998. After heaven: spirituality in America since the 1950s. Berkeley: University of California Press. A survey by the Pew Foundation 2006 (Pew, 2006, *Spirit and Power: Ten nation survey*. Pew Forum on Religion and Public Life) found that 23% of all Americans belong to a loosely similar style of "renewalist Christianity."

[3] Good summaries of work on hypnosis and dissociation, with some reference to absorption, can be found in Spiegel, H. and D. Spiegel. 2004[1978], *Trance and treatment*. New York: Basic Books; Seligman, R. and L. Kirmayer. 2008, "Dissociative experience and cultural neuroscience." *Culture, Medicine and Psychiatry 32*(1): 31-64; and Butler, L. 2006, "Normative dissociation." *Psychiatric Clinics of North America. 29*: 45-62.

[4]The empirical work is presented in Luhrmann, T., H. Nusbaum and R. Thisted. 2010. "The absorption hypothesis." *American Anthropologist.* March; cf. Tellegen, A. and G. Atkinson. 1974, "Openness to absorption and self altering experiences ("absorption"), a trait related to hypnotic susceptibility." *Journal of Abnormal Psychology 83*: 268-277

Belief and Connection

We tend to think of beliefs as wisps of the mind that have no power in the material world. However, as Gary Berntson and Louise Hawkley have discussed, beliefs can affect our health even to the extent of determining life and death. As Tanya Luhrmann discusses, in some forms of Christianity, there is a real belief in the presence of God. This is not simply a belief of God in the world, but a belief of a God who is by one's side. The idea of God as a friend and companion clearly motivates the desire to make such a presence manifest in tangible ways. For some, it is the sense of God with which they commune, for others it is what they believe to be a sensory experience of God that they seek. Luhrmann outlines how this belief, coupled with a supportive social structure, can lead to powerful personal experiences, such as hearing the voice of God, reflecting the operation of our social brains.

Our sense of social connection is not dependent on a single set of religious beliefs, however. In human social connections, we can form individual relationships with a spouse or friends but, as John Cacioppo outlined, there are other kinds of connections that our social brain seeks, as well. We seek connections with emergent structures such as groups, clubs, teams, congregations, and beyond. Kathryn Tanner argues that the belief that God created the world and bears causal responsibility for it serves to connect believers to life in a broader way than is provided through individual relationships. This broader connection to life does not depend on the manifestation of a presence to whom we can talk because the evidence of social connection is apparent in the very fabric of daily existence. Thus, whereas Luhrmann discusses God as a palpable friend that one can learn to attend to and experience as an active presence in one's life, Tanner discusses God as the initiator of life and the very fabric of existence, a presence so ubiquitous that there is no specific point on which one can focus to attend to or experience God.

Chapter 13[13]

Theological Perspectives on God as an Invisible Force

An individual's beliefs about God are one factor to be included in a multi-dimensional investigation of the social consequences and possible health benefits of religion, an aid in particular to scientific hypothesis generation.[x] Scientists can better test for the social and health consequences of religious commitment when they know more about the character and range of beliefs about God that such commitment brings. This chapter hopes to show, in particular, that exactly what Christians believe about the nature of God's influence on their lives is likely to have an important bearing on one of the questions of this volume: How can religion encourage a sense of connection to others, especially in situations of perceived social isolation, and thereby assuage the adverse health consequences of loneliness?

Depending on what they think God is like, Christians vary in the way they expect God to be a present influence on their daily lives. God's nature is supernatural or transcendent, which means God is not very much like any of the ordinary persons or things with which they come into regular contact. Christians use the same terms for God that they use for talking about ordinary persons and things but they therefore know that neither set of terms is really adequate to capture who or what God is. On the one hand, God is something like a human being in that God loves them and wants to do them good, and in that God is unhappy with their failings and trying, through the use of carrots and sticks, to get them to change. But, on the other hand, God is really not very much like an ordinary human being in that God is present at all times and everywhere, working inexorably to bring about what God intends throughout the entirety of peoples' lives by way of influences of both personal and impersonal sorts--for example, through personal words of advice and warning found in the Bible as

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Christian beliefs are not just theoretical matters, involving putative truth claims about the nature of ultimate reality, but practical ones: Christian beliefs are often promulgated with the hope of impacting the way human beings live, by establishing, for example, the meaningfulness of and motivations for certain forms of social behavior. Prior research has concerned the possible economic, social and political consequences of Christian beliefs about God's relation to the world. This essay extends such questioning to the topic of perceived social isolation. How might belief in God as an invisible force in everyday life affect an individual's sense of social connection?

well as apparent accidents of fortune like car crashes and the weather. Though retaining personal characteristics such as love or anger, God operates less like an individual human person with limited reach and partial interests, and more like light, air or gravity do—quite pervasively and constantly.

Usually one side or the other comes to the fore in the way Christians feel connected to God: for some Christians the personal side of God is central; for others, the more impersonal. Thus, some Christians expect God to be very much like a human friend, offering companionship and good advice.[xi] As Tanya Luhrmann explores in her essay, their religious lives often revolve around the internal sensory or imaginative experiences that make a God of that sort seem real to them--the sense that God is in the room with them, that God speaks to them, and so on. They work to cultivate a prayer life that heightens the vividness of those experiences and thereby allays doubts about the actual existence of this invisible, otherwise seemingly unreal, divine friend. In short, good practitioners of prayer gain a stronger and more reliable sense that God is present as a friend directing the course of their lives.

Other Christians have expectations of a more overarching and impersonal sort about the way God is a force in their lives; these expectations, I suggest below, are the consequence of their holding certain beliefs about God as the creator, sustainer, and savior of the world. In this case a strong sense of God's presence in one's life does not depend on having experiences of a literally personal sort or on developing the spiritual practices that help cultivate such experiences. The sense that God is present as an influence on one's life is rather something one feels all the time simply in virtue of the beliefs one holds about God and the world. Given a particular construal of those beliefs—a relatively impersonal one, I argue—simply having those beliefs in mind, with some awareness of their quite obvious presuppositions and implications, makes clear one is never alone, never a self-sufficient operator. In contrast to the understanding of God as friend, here God's invisibility does not threaten to interrupt a sense of God's presence and influence. God's invisibility to the contrary enables the sense of God's presence and influence to be the routine backdrop of all one's experience, to constitute a general outlook on the world, no matter what the circumstances.

Belief in Creation as a Backdrop to the Whole of Life

For example, a common Christian construal of the belief that God is the creator of the world makes it possible for the sense that God is with one—one's supporter and sustainer—to be a constant feature of one's life as a whole. Contrary to first impressions, God's creation of the world need not refer to the origin of the universe, or to the beginning of its more specific features or components. Were either to be its meaning, belief in God as the creator of the world could not be a very central component of a generally applicable Christian outlook, of much relevance, that is, for more than the occasional speculation about origins: e.g., why am I here at all? The belief concerns instead a causal dependence upon God of a more continuous sort, spanning, in short, the whole time of the universe's existence and therefore the whole time of one's individual life. To be created by God is to exist in a relation

of dependence upon God for what one is, However, long one exists.[xii] A human being therefore depends upon God for more than the fact of his or her birth: he or she remains dependent upon God in the same way ever after. God's creation of the world in general is simply not temporally indexed; it is no more closely associated with the beginning of things than with what comes later. A preoccupation with temporal origins therefore commonly drops out of Christian accounts of creation: the world is just as dependent upon God for its existence whether it has a beginning or always exists.[xiii] Belief in God's creation of the world for these reasons blurs into belief in God's supportive maintenance of it at every point in time.

Also enabling belief in God as creator to form a general backdrop to all one's experience—to be relevant on every occasion as a universally applicable worldview--is the fact that God is thought to be responsible as creator for the whole of what happens in the world at any one time. To believe that God is the creator of the world is at the very least to believe that God holds into existence the entirety of the world in any and all respects in which it is good. In the case of one's own life, therefore, every aspect of value at every moment—one's existence, fine qualities and capacities, enjoyments and achievements, beneficial connections with natural and social environments, and so on—is to be attributed to God's agency as creator. While there is a good deal of disagreement within Christianity on this matter, Christians, moreover, not uncommonly affirm that God is equally behind the bad things that happen, at least insofar as those bad things can be turned to good account--for example, harm suffered turned into a salutary pedagogical correction, just punishment for sin, the necessary testing of one's faith, or simply a beneficial form of sympathy with God's own suffering on the cross. For both the general reasons just mentioned—because of its holism and temporal inclusiveness--belief in God as the creator of the world encourages love, gratitude, and trust toward God, and toward the world that God brings about, as constant Christian dispositions, basic Christian attitudes of wide-ranging applicability, whatever might be going on in one's life.

Social Connectedness and Invisibility

The same all-inclusive causal dependence upon God at all times is what ensures individuals are never left on their own, never abandoned to their own devices. Christian theologians (especially in the Protestant tradition) usually develop the psychological implications of this in terms of avoiding either anxious or arrogant self-concern.[xiv] According to this theology, one does not believe he or she ever operates independently of God. Therefore, one should never attribute successes and achievements in a prideful way to oneself, but rather one should always give the glory to God as their ultimate source. For the same reason, one should never despair of failings, as if one's own inadequacies were the last word; one believes a supremely powerful and loving influence, God, remains an operative force in one's life, However, desperate the situation otherwise appears to be from the standpoint of one's own powers and capacities to improve one's lot in life.

By discouraging isolated self-regard or self-understanding generally, the same nexus of Christian ideas about God as creator has clear consequences

for loneliness or perceived social isolation. Because they believe themselves to be creatures of God, Christians feel related to God whatever happens. Whatever their social circumstances--no matter, at the extreme, how isolated or strong their feelings of abandonment by human others--individuals are to remember that they remain in a relationship with God, who is concerned about them. Even when they feel themselves utterly forsaken by others, Christians have reason to believe God cannot be forsaking them. They can believe they are never alone even when they appear to be absolutely so. In such circumstances, Christians can always avail themselves of a completely counterfactual sense of social connection with the best-connected "superfriend" of all—the God who remains, they believe, in a relationship of ultimately beneficial causal efficacy with not just themselves but everyone and everything.

It is the very unapparent, counterfactual character of God's influence on human lives—the invisibility of God's influence, in short--that permits Christians to perceive their relationship with God as an unbreakable constant. Because God's influence is unapparent or invisible Christians can continue to believe God is operative for creation's benefit in the absence of any of the obvious confirming evidence required in ordinary cases of beneficent human influence. Christians who believe that God is a universal influence for good as the world's creator do not expect God to be present in the way one expects a human person to be; and therefore God's apparent absence, in human terms, need not break down their sense of being in relation to God.

Having God as one's creator (in the best case scenario) is like having a perfectly loving human benefactor; but it is the unusual invisibility of this benefactor that allows Christians to think God present even when not apparently so. Being in a relationship with God for Christians who believe God is a good creator is something like being in a relationship with a human person who never lets one out of her sight and who intends one's good comprehensively. It is, for example, very like being in a relationship with a loving parent who is fully responsible, not just for the fact of one's existence, but in a comprehensive way for one's nurturance throughout an extended minority. Unlike a relationship with an ordinary human person of that sort, however, God is believed to be invisible and this is what allows individuals to assume God's constant presence, all appearances to the contrary.

The invisibility that underlies the Christian affirmation of God's constancy here is a function of the very diffuseness of God's influence, a diffuseness of influence no human person, invisible or otherwise, could possibly match. Belief in God as the creator of the world does not encourage one to single out God as the cause of any specific happening in a way that suggests God is one cause among many, the cause of this particular happening rather than some other with a different cause. Belief in God as the creator of the world does not allow one to identify God's influence in overly close fashion with any particular causal influence of a beneficent sort. Instead, as I have suggested, whatever is of benefit to the individual, over the long or short term, taken as a whole, is to be attributed to God's influence.

The Christian cannot, then, locate or pick out God as one could a loving

parent from within the field of variously operative forces or influences on one's life, and for that reason the Christian need neither fear God's loss nor rue God's absence as one would such a parent's. Unlike relations with human others, which are situation-sensitive and thereby susceptible to change of character, rupture, and decline, God, Christians believe, is with one, whatever happens, in exactly the same capacity--as the creator and sustainer of whatever it is that remains good about one's life, be that only at a minimum the bare fact that one continues to live. The Christian who believes God is his or her creator is therefore confident that God continues to work for his or her ultimate good, that God is engaged in the effort to increase it, whatever the impediments in human life suggesting the contrary, absent, that is, almost any confirming evidence.

The Problem of Inattention

Although invisibility and apparent absence do not pose the same problem here as they do when God is one's friend, this rather more impersonal understanding of God's influence as creator and sustainer has its own problem maintaining a strong sense of connection to God. The diffuseness of influence that lies behind God's constant invisible presence can prompt simple Christian inattention to God. The very monotony of the always pertinent Christian affirmation that everything is to be attributed to God can make that affirmation recede from focal awareness, make it fail to come focally to mind. Belief in God's uniform presence would thereby become functionally indistinguishable from the sense of God's absence. The invisibility of God that follows from a belief in the comprehensiveness of God's influence simply means in that case that God drops out of sight and mind, drops out of Christian consideration for most intents and purposes, most of the time. Such a God has little to offer as a "para-social" entity, as a factor fomenting or supplementing a sense of social connection.

In the back of their minds Christians may believe that God is the source of everything, but they may not feel compelled to consider that fact actively in the course of their everyday lives. God hides behind, so to speak, all the creaturely influences that God is working through, which become matters of primary Christian preoccupation. At the center of attention are all the ordinary influences and connections with one's natural and human environments; preoccupation with them pushes out of focal awareness the fact of God as the ultimate source of them all. Apart from specifically religious obligations—say, the demand to give God thanks and praise at times of worship—Christians who believe God is their creator would have no particular reason to dwell on that fact.

Christian theologians commonly tie this sort of practical worry--about what from a Christian point of view amounts to sinful neglect of one's connection to God--to the understanding of double agency in the account of creation I sketched above.[xv] According to that account, it is true, God's influence on human life does not have to go by way of the human and natural causal powers and influences on human life that God creates; God can influence human life without producing sufficient created causes for what God wants to happen in human life. (The Christian claim that Jesus was resurrected from the dead—an event without natural causes--is a case in point, one that Christians are

usually very reluctant to give up.) But part and parcel of the account of creation is the suggestion that God ordinarily influences human life by bringing about the very natural and human influences that shape it. In general, because God influences the world as its creator, God's working does not begin where created causes break off; God works, instead, in and through the created causes that God brings about. Christians are therefore able to give a double account of most happenings in the world: one that discusses what has happened in terms of the coordinated created powers and activities sufficient to explain it within the created order; and one that talks about God's creative activity in bringing about those same coordinated created powers, activities, and their consequences in their totality. It is the sufficiency of the explanation in terms of created causes—the self-containment of that explanation within its own order—that allows human beings to attend to the created order without taking into account the relationship of dependence upon God that is its presupposition.

The temptation to lapse into habitual obliviousness of one's relationship with God is easily countered, however, by other beliefs about God that Christians hold. Christians do not just believe that God is the creator and sustainer of the universe, but believe a lot of other things about God. For example, the common Christian belief that God acts as more than a creator in individual lives helps to counter obliviousness to God. God does not merely act as creator by giving individuals the created gifts that make them what they are—for example, their own capacities and operations, the ability to influence and be influenced by their human and natural environments, and so on. God also acts to give them God's very presence—by way, for example, of their relationship with Christ who Christians believe is God in human flesh. The very presence of God in human life means one's relationship with God cannot be ignored. The created causes and influences, through which God also influences human life, consequently no longer have the same capacity to distract human attention from God.

Christians often believe, moreover, that God's direction of human life by way of God's own presence to or within it is no optional matter: God's presence forms an essential component of human life. In addition to created capacities and influences brought about by God, God's presence is necessary for ordinary human capacities to operate as they should.[xvi] To be morally good, for example, requires not just virtuous capacities of one's own, given to one by God, but the presence of the Holy Spirit within one. Knowing well requires not just the formation of good ideas through the usual human processes of investigating one's environment—the entirety of which has its source in a good creator God--but also a mind informed by the very Word of God. And so on.

Such beliefs imply that attention to God's presence, some sort of God-directedness, should be a constant feature of an individual's everyday, ordinary life, in order for that life to be lived well. The individual Christian is accordingly given a reason to bring to mind his or her relationship with God, motivated to attend to that relationship as much as possible, indeed, in the effort to lead a better life. An active God-reference becomes part of a prospective, goal-oriented process of self-reformation

in accord with what is believed to be God's intentions for one.

Beliefs like this about God's presence as a constituent feature of human operations are at times incorporated by Christians within an account of creation: God's presence to or within them is then believed to be an element of what God as the creator of the world gives to every human being; and is in that sense part of the natural or ordinary constitution of human life that God intends in creating the world.[xvii] But more often than not the gift of God's presence as an effective influence on human life is specifically associated by Christians with salvation. Human beings, Christians typically believe, have either lost altogether, or at a minimum, habitually fail to attend properly to a presence of God always theirs, in ways that corrupt human well-being. The Christian claim is that God saves human beings by giving them the presence of God as an effective force for human transformation in virtue of something that Jesus suffers or accomplishes.

God acts as an invisible force in human lives here because God influences humans through God's very presence. Christians, if they follow the common teaching of theologians in this regard, believe God is invisible or unapparent because God is not capable of being delimited or circumscribed by the usual boundary drawing and sorting mechanisms used to cordon off and pin down other things.[xviii] God is not, in short, a kind of thing, set off by clear boundaries that distinguish God from what God is not. But there is also here the kind of invisibility discussed earlier: the invisibility of apparent absence in human terms.

Christian claims about salvation often have an eschatological edge. They frequently point, that is, to an end time, indefinitely deferred from the perspective of anything achievable in this life. What God gives to remedy the sin of human life through Christ is, accordingly, not commonly thought to be fully effective in any visible way in this life. Christians typically think that their connection to Jesus brings with it a new availability of the presence of God as a force for change in their lives, but what they expect to achieve by way of that constantly available relationship remains invisible in the form of an always deferred hope. Once again it is invisibility—here the invisibility of the revolutionary changes in one's life for which one continues to hope--that permits Christians to believe the presence of God, made available to them in a new way in Christ for the very purpose of bringing about those changes, is nevertheless always with them.

Conclusion

The main intention of this chapter was to make the case that basic Christian beliefs are likely to have a bearing on perceived social isolation. After suggesting that Christianity is not all of a piece on that score, I developed a particular construal of basic Christian beliefs that would seem to have great potential to alleviate perceived social isolation through attention to connection with God. While that argument was merely a logical or prima facie one, it forms a testable—though as yet untested—hypothesis: Does the particular construal of the beliefs commended here for their encouragement of a focal sense of constant connection with God really have those consequences? Do people actually feel less lonely, in other words,

when they hold such beliefs? Can they be made to feel less lonely by calling them to mind? More specifically, how does the influence of this construal on feelings of social isolation compare with that of other construals—for example, a construal that directly associates God's creative influence with the irredeemable bad? How might the stronger sense of God's presence in the hardships one suffers balance out in the latter case against the unhappy quality of the connection? Might one feel oneself to be better off alone, in other words, if God is as much one's tormentor as one's benefactor? Finally, comparable problems to the ones for belief surface in the more experience-driven God-as-friend outlook in Christianity, and make experimental testing pertinent.[xix] If the problem in both cases is that a strong sense of connection with God is hard to sustain—because God is invisible in the one case or crowded out by more obviously pressing matters in the other—how is the imaginative force of the idea of relationship with God better shored up? By imagining that one is on a date with God, or by imagining that God is always all around one like the air one breathes or the sun that shines? And what works for the greater number of people? What if the former imaginative capacities are hard to cultivate, and require in any case exceptional abilities of concentration or inward focus that many people lack? Might beliefs be easier for most people to hold in mind without sustained or disciplined practice? A simple visit to church or occasional perusal of a prayer book would do?

References

[1] For the general importance of belief for such investigation, see the essays by W. Clark Gilpin and Tanya Luhrmann in this volume.

[1] See Luhrmann in this volume.

[1] Thomas Aquinas is one prominent theologian in the Christian tradition who highlights this idea: "creation . . . is the very dependency of the created act of being upon the principle [God] from which it is produced." *Summa Contra Gentiles, Book Two: Creation*, trans. James F. Anderson (Notre Dame and London: University of Notre Dame Press, 1975), chapter 18, section 2, p. 55.

[1] See again, for example, Thomas Aquinas, *Summa Contra Gentiles, Book Two: Creation*, chapters 31-38, pp. 91-115.

[1] See, for example, Martin Luther, *Lectures on Galatians* (1535), in *Luther's Works*, ed. Jaroslav Pelikan (St Louis, Missouri: Concordia Publishing House, 1964), vols. 26-27.

[1] Thomas Aquinas again provides a clear theological exposition of this view. See, for example, his *Summa Contra Gentiles, Book Three: Providence, Part 1*, trans. Vernon J. Bourke (Notre Dame and London: University of Notre Dame Press, 1975), chapter 70, section 8, p. 237: "It is also apparent that the same effect is not attributed to a natural cause and to divine power in such a way that it is partly done by God, and partly by the natural agent; rather, it is wholly done by both."

[1] For prominent examples of such a view in the history of Christian thought, see Augustine, *The Literal Meaning of Genesis*, trans. John Hammond Taylor (New York: Newman Press, 1982), chapters 10-12, pp. 49-51; and Cyril of Alexandria, *Commentary on the Gospel According to John*, trans. P. E. Pusey (Oxford: James Parker, 1874), Book 1, chapters 7-9, pp. 66-87.

[1] See, for example, Athanasius, "On the Incarnation of the Word," trans. Archibald Robertson, in Philip Schaff and Henry Wace (eds.), *Nicene and Post-Nicene Fathers*, vol. IV, Second Series (Grand Rapids, Michigan: Eerdmans, 1957), sections 3-5, pp. 37-39.

[1] See, for example, Gregory of Nyssa, "Answer to Eunomius' Second Book," trans. M. Day, in Philip Schaff and Henry Wace (eds.), *Nicene and Post-*

Nicene Fathers, vol. V, Second Series (Peabody, Massachusetts: Hendrickson, 1994), p. 257.

[1] See Luhrmann in this volume.

The Elusiveness of Meaningful Connection

Kathryn Tanner's chapter has developed the classical Christian idea that God is the creator and sustainer of the world, in order to suggest the ways in which this notion of the creator might be one factor providing persons with a sense of social connection and a hopeful, generous, and caring disposition toward the world that assuages the adverse health consequences of loneliness. In this classic interpretation of God as creator, the idea refers not to the origins of the universe but rather to the all-inclusive dependence of life upon God at all times. This sense of a sustaining divine presence spanning the whole time of one's life thus contributes a deep sense of one's connection to the whole order of creation. However, as Tanner notes, people may become inattentive to a presence so pervasive, just as people can become inattentive to the forces of gravity holding them to the surface of the Earth as they go about their everyday life. In more extreme versions of this inattention, the person understands humanity as "alone" in the universe, a sort of metaphysical loneliness that might exacerbate more concrete feelings of loneliness.

Perhaps surprisingly, Chris Masi, from the perspective of a physician and medical researcher, casts a fascinating and fresh perspective on the theological notion that we live in a sustaining connection to creation as a whole. After describing the negative health consequences of loneliness, Masi proceeds to describe a cycle of loneliness in which a person's sense of isolation frustrates well-intended efforts to make social connections. Masi finds that efforts to intervene and break this cycle are not notably successful, in large part because the preconscious disposition of lonely people toward the world is difficult to change. Like Tanner, although using different terminology, Masi's review of the scientific literature suggests both that the character of one's general disposition toward the world is profoundly important for one's connections to others, and that the processes by which these general dispositions change are complex and warrant further scientific attention.

Chapter 14[14]

Visible Efforts to Change Invisible Connections

[14] The lead author is Christopher M. Masi, M.D., Ph.D., an assistant professor in the Department of Medicine at the University of Chicago. He is co-founder of Every Block A Village Online, an Internet-based community development program, and is past president of the Illinois chapter of Physicians for a National Health Program. He is the current president of the Midwest Society of General Internal Medicine and has received numerous awards, including a Models That Work Award from the United States Bureau of Primary Health Care and the New Investigator Health Sciences Research Award from the Gerontological Society of America. With a medical degree, as well as a PhD in social service administration, Dr. Masi's research focuses on the socioeconomic factors underlying health disparities. He currently has two projects, one aimed at developing an intervention to reduce loneliness and one focused on the role of sex hormones in gender, age, and racial differences in cardiovascular disease. He is a reviewer for several scientific journals and grant-making organizations and has published research and reviews on diverse topics, including health insurance reform and racial disparities in breast cancer and hypertension.

Human capacity for creativity, compassion, and learning is unparalleled in the animal kingdom. However, humans reach their full potential only when they are socially engaged. Lack of social engagement impairs creativity and learning, and limits opportunities for caregiving and emotional growth. Numerous studies have shown that loneliness is also a risk factor for illness and premature mortality. Because loneliness is increasing in modern society, it is critically important to understand this condition, as well as strategies to reduce it. This essay describes our review of the literature regarding loneliness reduction interventions.

The 17th century English philosopher Thomas Hobbes proposed that without the organizing structure of government, humans would experience *bellum omnimum contra omnes* (war of all against all) and life would be "solitary, poor, nasty, brutish, and short"(1). While this colorful description is often quoted, less attention is paid to Hobbes' premise that such misery can be avoided if humans codify and enforce the rules of a civil society. Not everyone agrees with Hobbes' views, but history is replete with examples of human misery when anarchy reigns and of relative peace when a social contract is observed. A question that philosophers continue to debate is whether collaboration for mutual benefit is part of human nature or whether promotion of the self above all others is man's primary motivation. In this volume, Cacioppo argues that sociality is an integral part of human nature. He notes that given each child's prolonged period of total dependence, survival into child-bearing age depends entirely upon the support and protection of adults, most often parents or kin. As a result, those who survive long enough to procreate pass along genes for nurturing and protection, thereby hardwiring a form of sociality into our genetic code.

This protective behavior helps ensure that genes within a family are passed on to future generations. Cooperation among unrelated adults or the support and protection of children by adults exists beyond kin, as well, because these activities also provide survival benefit. Examples from early human existence include hunting and gathering, which are more likely to succeed when pursued as a group than individually. To these structural benefits

of non-familial sociality, we may now add physiological benefits. A 1979 population-based study showed that adults lacking social ties were 1.9 to 3.1 times more likely to die during a 9-year follow-up than those who had more social contacts, all else being equal (2). Since then, at least five population-based prospective studies (3) and numerous smaller studies have found positive associations between social integration and either survival or improved health outcomes. The mechanisms by which social integration enhances survival are several and include improved health behaviors, increased access to resources and material goods, and strengthened immunity against infection (4).

Whereas sociality is a normal state, loneliness is an unusual state, akin to hunger, thirst, or pain (5). As with those states, loneliness is unpleasant and serves to remind us that we should change the *status quo*. Therefore, loneliness can be an adaptive motivator for increased social surveillance and interaction. Unfortunately, not all individuals succeed at achieving the level of social connectedness they desire and suffer instead from chronic feelings of loneliness. Cacioppo and others have shown that lonely individuals interpret events and social interactions more negatively than non-lonely individuals. As a result, they unconsciously develop defense mechanisms, including social barriers, which shield them from insults and rejection. While this approach may achieve its goals of self-protection, it also reduces opportunities for positive social interactions and perpetuates feelings of social isolation (5). John Bunyan, a 17th century Christian writer and preacher, described the barriers associated with loneliness when he wrote of a vision in which he

> "saw the people set on the sunny side of some high mountain, there refreshing themselves with the pleasant beams of the sun, while I was shivering and shrinking in the cold, afflicted with frost, snow, and dark clouds. Methought, also, betwixt me and them, I saw a wall that did compass about this mountain (6)."

For chronically lonely people, the wall between themselves and others is partly of their own making and reflects continuous surveillance for negative signals from others (5). The challenge is to help lonely individuals break down the barriers between themselves and others and ultimately return to the normal state of sociality. In his vision, Bunyan achieved this, but only through great effort:

> "About this wall I thought myself, to go again and again, still prying as I went, to see if I could find some way or passage, by which I might enter therein, but none could I find for some time. At the last, I saw, as it were, a narrow gap, like a little doorway in the wall, through which I attempted to pass; but the passage being very strait and narrow, I made many efforts to get in, but all in vain, even until I was well-nigh quite beat out, by striving to get in; at last, with great striving, methought I at first did get in my head, and after that, by a sidling striving, my shoulders, and my whole body; then I was exceeding glad, and went and sat down in the midst of them, and so was comforted with the light and heat of their sun (6)."

Genetic studies indicate that heritability accounts for approximately 50% of loneliness while social circumstances account for the other 50% (7). Research also suggests that loneliness is common - reported by as many as 20 percent of the population at any given time (8). In addition, some evidence suggests that the prevalence of loneliness may be increasing, at least in the U.S. A recent national survey found a threefold increase in the number of Americans who indicated they had no confidant or person with whom to discuss important matters (9). Although differences between this survey and its 1985 predecessor may be sufficient to account for this increase, this suggestive report raises the possibility that contemporary societal factors may be interfering with the natural tendency for humans to form meaningful, long-term social connections. One factor is social mobility, which increased dramatically during the 20th century. A second is the aging of the U.S. population. In 1900, 4.1% of Americans were 65 years or older. By 2006, that percentage had increased to 12.4%, representing 37.3 million Americans (10). With less value placed on older individuals in the U.S., we have witnessed an increase in marginalization of this segment of society. Third, as life expectancy increases, more elders are living longer as widows or widowers and are therefore at increased risk for loneliness. Other factors which may place Americans at increased risk for loneliness include less intergenerational living, delayed marriage, increased dual- career families, increased single-residence households, and increased age-related disabilities and health conditions. Given the mental and health risks associated with loneliness described in Hawkley's chapter, interventions are needed to help lonely individuals regain normal social connections. As Bunyan's account suggests, breaking through the wall of loneliness may require considerable effort. When individual effort is not sufficient, assistance from others may be needed. Unfortunately, contemporary interventions to reduce loneliness have fared more poorly than has been recognized.

Repairing Broken Connections

Almost a century ago, scholars began to propose strategies for reducing loneliness. Karen Rook (11), for instance, amassed over 40 interventions dating back to the 1930's in her attempt to identify effective loneliness reduction strategies. Since Rook's review, five scientific publications have provided qualitative reviews of strategies to reduce loneliness, social isolation, or both (12-16). The most recent publication identified 30 interventions published between 1970 and 2002 (16), and evaluated the effectiveness of those intervention studies that were not flawed by poor design. Among the thirteen trials deemed to be of high quality, six were considered effective, one was considered partially effective, five were considered ineffective, and one was inconclusive. The authors' conclusions were similar to those of prior reviewers who found that interventions which emphasized social skills training and/or group activities were the most successful.

However, qualitative reviews are subject to invisible biases that can color our judgments of the scientific evidence we see. Thomas Kuhn, a 20th century physicist and epistemologist, noted that scientists too easily accept results which conform to previous intuitions and too readily reject results which do not (17).

In the case of loneliness interventions, all of the reviews essentially confirmed the findings of previous reviews that social skills training and group-based interventions can succeed in reducing loneliness. Is this conclusion justified, or is this a case in which prior conclusions have been perpetuated in the manner Kuhn describes?

To combat bias favoring results that confirm dominant theories, some scientists have argued that specific study criteria should be met to warrant an evaluation of the effectiveness of the intervention (18). These criteria include random assignment of study participants to receive the intervention, evidence that the intervention is more effective than no intervention, findings that are replicated by at least one independent research group, and results that are published in peer-reviewed journals. Previous reviewers of loneliness interventions have, in fact, placed a premium on randomized trials that contrast a group randomly selected to receive the intervention with a group randomly selected to receive no intervention. However, none has employed meta-analysis, a quantitative technique for calculating the average effect of diverse interventions designed to accomplish the same goal. Whereas qualitative reviews are subjective and vulnerable to confirmatory biases, quantitative reviews are objective and relatively impervious to bias as long as all relevant studies are included in the analysis.

To minimize bias in our meta-analysis, we first combed the literature to identify all the intervention studies that specifically targeted loneliness. To further meet our criteria for inclusion in the meta-analysis, studies had to be published in a peer-reviewed journal or as a doctoral dissertation (to ensure the scientific integrity of the findings), between 1970 and 2009 (to include and extend the time interval reviewed qualitatively in prior research), and had to measure loneliness quantitatively.

Fifty-two intervention studies for loneliness met our inclusion criteria. These studies were divided into three categories based on the experimental design used to assess the effects of the intervention. Twelve studies used a single group pre-post design in which loneliness among participants was assessed at baseline and again after exposure to the intervention. The single pre-post design is weak in terms of measuring the effectiveness of an intervention, however, because individuals who have high scores on a loneliness measure on one occasion are likely to score less extremely on a second occasion even if no intervention had occurred. Said differently, people whose measurements suggest they are very lonely at one point in time, on average, appear to be less lonely when measured at a later point in time. Our meta-analysis of these studies indicated there was indeed a lowering of loneliness as measured before and after the interventions, but we cannot conclude from this evidence that the reductions in loneliness were due to the interventions.

Eighteen studies utilized a non-randomized group comparison design in which some of the participants sought out the intervention (the experimental group) while others (the control group) did not. In this design, assignment of individuals to the experimental or control groups was based upon convenience, participant preference, or some other factor, which means the groups that did and did not receive the intervention may differ in ways that

explain different outcomes in the two groups. For example, people who volunteer to be in the experimental arm of a study may be more gregarious by nature and may be more likely to become less lonely over time *regardless* of exposure to the intervention. Results of the meta-analysis suggested the interventions might be effective, but to know it's the intervention and not an artifact of subject selection, we need to look at the effect of these interventions when assessed using randomized group comparison designs in which participants are randomly assigned to the experimental or control group.

Twenty-two studies utilized such a design. Quantitative analysis revealed that, on average, the interventions had a small but significant effect in reducing loneliness. Moreover, efficacy in reducing loneliness did not differ significantly as a function of intervention strategy nor as a function of individual- versus group-based implementation. Whereas once a consensus existed that social skills training and/or group activities could reduce loneliness, we found insufficient evidence to support that conclusion.

Why have successful interventions to reduce loneliness been so elusive? There are several possible reasons. Some of the interventions have been designed with the notion that if only lonely individuals had better social skills they would be able to form satisfying connections with others. However, recent research suggests that at least for most adults, the social skills they know are not related to the loneliness they feel. Other interventions have been developed with the notion that lonely individuals simply need to interact more with others, so the interventions are designed to increase contact with others. However, people not only tend to like lonely individuals less than nonlonely individuals, lonely individuals are especially negative toward other lonely individuals. Therefore, bringing lonely individuals together is unlikely to result in warm, satisfying social connections. Finally, some interventions were designed with the notion that what lonely individuals need is social support, such as someone who is available to provide help when needed. However, loneliness affects not only how people think, but how people think about others: loneliness diminishes people's executive functioning and biases them to see others as threatening and rejecting even when they are not (5).

Cacioppo and Patrick (5) proposed a framework for reducing loneliness which includes four elements. First, unconscious barriers that chronically lonely people develop to shield against being hurt by others tend to reduce their likelihood of having positive social interactions, and they may benefit, therefore, from encouragement and practice in forming social connections gradually in "safe" environments where threat of rejection is minimal. For instance, because chronically lonely people are self-focused in their hypervigilance for social threat, they may benefit from learning to shift their attention from themselves to others through other-oriented activities such as volunteerism. The notion is to intervene to diminish or eliminate the negative effects loneliness can have on social perception and cognition. Second, we tend to think of loneliness as the same thing as a personal weakness, as being a social isolate, being depressed, or being weak. As noted above, we now know these accounts to be incorrect, and

that acute loneliness, just like acute physical pain, serves an important biological function for our species. Being aware of how loneliness fits into our remarkable achievements as a social species and what loneliness does to our social cognition and behavior can help us better understand the actions of others toward us. Third, to the extent that desperation for social connections leads chronically lonely individuals to misguidedly vest their interest in those who are unlikely to meet their relationship needs, they may need to learn how to be selective and choose friends and groups with whom reciprocally rewarding relationships can be expected. This decision is critical to success. Research indicates that the people with whom we are most likely to form positive, lasting relationships are those who have similar attitudes, beliefs, values, interests, and activities to our own. Therefore, people should not seek friendships based on physical appearance, status, popularity, or convenience, but rather on attitudes, beliefs, values, and behaviors. Finally, because chronically lonely people expect to be disappointed with themselves and others in their relationships, they may benefit from training and practice in taking a more optimistic perspective, in expecting the best from themselves and from others. We play a much more important role in shaping our social environment than we often realize.

Although no intervention to date has incorporated all of these elements, at least one randomized trial has demonstrated that an intervention based upon volunteerism (Experience Corps) can increase social activity in older adults (19). In this trial, older adults are paired with grade-school children and dedicate at least fifteen hours per week throughout the school year to assist the teachers in supporting and encouraging children in reading, writing, and mathematics. This strategy engages at least two of the principles that emerged out of Cacioppo and Patrick's theoretical framework (5)—the provision of a "safe" venue for making social connections (i.e., the classroom of non-threatening children), and the shifting of older adults' attention away from their own concerns and toward the needs of someone else. In addition, this strategy capitalizes on Erikson's notion of generativity (i.e., helping future generations) (20). Interventions of this form deserve further assessment (21).

Conclusion

We began this chapter by noting that loneliness is not uncommon and, although unpleasant, may prompt individuals to attend to and repair their social connections. Loneliness affects cognition as well as well-being, however, and when loneliness persists it is a risk factor for myriad health problems. Previous reviewers have suggested that loneliness can be reduced through interventions that emphasize social skills development and group-based activities. By quantitatively analyzing twenty-two well-designed studies, we found no evidence that these strategies were any more effective in reducing loneliness than increasing social opportunities or social support, or modifying maladaptive social cognitions, whether in a group or individual context. A larger number of intervention studies may be needed to determine the relative efficacy of these intervention strategies. In the interim, it is clear from this review that global impressions and intuitions will not suffice when trying to reduce loneliness. Future interventions should

acknowledge that loneliness is not synonymous with social isolation but is a social pain that functions to motivate the formation and renewal of meaningful social relationships. When feelings of loneliness fail to accomplish their adaptive purpose, chronic loneliness may ensue. Chronic loneliness tends to be self-perpetuating through confirmatory biases that alter cognitions, emotions, and behaviors. Given the importance of social connection to people's health and well-being, it is important that we solve the puzzle of how to help the chronically lonely connect with others in meaningful and satisfying ways.

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Reflections on Invisible Connections

Echoing a prominent theme in this volume, Christopher Masi highlights once again the centrality of social connectedness for human well-being and the function of loneliness in signaling a rupture in a sense of social connectedness. One might reasonably expect that a social species like *Homo sapiens* would have a sufficiently large behavioral repertoire to be able to resolve feelings of isolation and restore a sense of social connectedness. Although resolution is accomplished readily in some instances for some people some of the time, the reality is that at times people are at a chronic loss for how to satisfy their need for social connection. Unfortunately, the invisible bonds of social connection are not easily repaired. We see others' social activity, but we do not see how they feel about their social lives and sense of connection. Despite our inability to recognize loneliness in others, or, as Nick Epley and Jean Decety argued earlier in this volume, because of this handicap in seeing into the minds of others, we tend to attribute to others what we ourselves have felt or would expect to feel in particular circumstances. Is it any surprise that we target for intervention those circumstances where we observe few opportunities for social interaction, inadequate social skills, and poor social support? On the other hand, because loneliness is in the mind of the sufferer, it is perhaps surprising that we would expect changes in objective social circumstances to be sufficient to alleviate loneliness in all its sufferers. Masi provides a quantitative review of strategies employed to alleviate loneliness to show that interventions to date have been only modestly successful in reducing feelings of loneliness, attesting to the challenge of effectively addressing the problem of ruptured social connections.

Invisibility should not thwart attempts to alleviate distress, however. Biological causes of disease were no more visible or evident in the 18th century than psychological causes are today. Yet significant scientific advances during the 19th and 20th centuries completely revolutionized medical practice, life expectancy, and quality of life. Farr Curlin is less interested in the invisible causes of disease than in the primordial need for social connection that John Cacioppo introduced and that Curlin regards as a preexistent condition for medicine. If science can be viewed as a cognitive system that steps us back so that we can deal more objectively and effectively with another person's distress, then religion can be viewed as a cognitive system that steps us forward to connect and care for others. Curlin argues that the practice of medicine requires a balance of these forces, and that the resulting tension between the two produces better care for the patient than does the practice of medicine using either alone.

Chapter 15[15]

[15] The lead author is Farr A. Curlin, M.D., a hospice and palliative care physician, researcher, and medical ethicist at the University of Chicago. His empirical research charts the influence of physicians' moral traditions and commitments, both religious and secular, on physicians' clinical practices. As an ethicist he addresses questions regarding whether and in what ways physicians' religious commitments ought to shape their clinical practices in our plural democracy. Curlin and colleagues have authored numerous manuscripts published in the medicine and bioethics literatures, including a *New England Journal of Medicine* paper titled, "Religion, Conscience and Controversial Clinical Practices." As founding Director of the Program on Medicine and Religion at the University of Chicago, Dr. Curlin is working with colleagues from the Pritzker School of Medicine and the University of Chicago Divinity School to foster inquiry into and public discourse regarding the intersections of religion and the practice of medicine.

In the world of contemporary medicine, science is front and center, and for good reason. Science provides modern medicine with extraordinary diagnostic and therapeutic capacities that can be employed to care for patients. Yet there is more to medicine than science can know. Science cannot provide visions to animate care of the sick, moral frameworks to guide the application of medical technology, or practices that nurture and extend our sociobiological capacity to care for others. For these medicine turns to religious and secular moral traditions and practices. This essay examines how religious concepts are implicit and operative in practices of medicine and in the formation of fully human physicians. By attending to these concepts, we may gain a richer understanding of the way self-conscious human practices like medicine both depend on and extend our unique, human, biopsychosocial capacities.

Social Brain, Spiritual Medicine?

No one ever asks what *science* has to do with medicine any more than they ask what books have to do with education or what tools have to do with carpentry. Before the middle of the 19th century, there was almost nothing that physicians, however well intended, could do to actually restore health to the ill. Modern science changed that. Over the past century and a half, dramatic improvements in health outcomes have been wrought through the application of sterile surgery techniques, specialized hospital care, public health measures to prevent the spread of infectious diseases, antibiotics to treat those diseases, and myriad subsequent technologies. All of these have been undergirded by the discoveries of biomedical science.

As a result, the life expectancy in developed nations has doubled. People live not only longer but with much less disability. Diseases that formerly disfigured and killed, such as smallpox and polio, have been almost completely eradicated. Epidemics of malaria, yellow fever, measles and diphtheria have been restrained. Injuries from war or other traumatic events, which in earlier periods led predictably to death or profound disability, now can be ameliorated using sophisticated surgical reconstruction techniques, advanced prostheses, and intensive rehabilitation. Medical science already has accomplished an extraordinary amount in alleviating human illness and forestalling death, and there is good reason to expect further progress. Yet, for all that science has made possible, medicine is animated by other, less tangible, forces.

To give a robust account for the practice of medicine, one must explain why sick and debilitated strangers are worthy of attention and care, and how the medical arts contribute to human flourishing. For some Americans, such accounts begin in secular moral tradition, but for most they begin in religion; nine out of ten Americans endorse a religious affiliation[1]. Either way, medicine looks beyond science to find a vision that animates care of the sick, a moral framework that guides the application of medical technology, and practices that nurture and extend the human capacity to care for patients as persons rather than as mere objects. In this sense, even though religious concepts are rarely made explicit in public and professional discourse about medicine, they are everywhere implicit and operative, and necessarily so.

Why care for the sick?

Humans in all cultures are moved to care for the sick. The question is why? The concept of the social brain provides the beginning of an answer. The peculiar human need and capacity for constructive, complex and meaningful relationships seems to involve neurological structures and functions that also facilitate attending to the sick. For example, Epley describes the human capacity to pay attention to our own mindedness and the mindedness of others. We are not only conscious of ourselves, but we are conscious of others being conscious of *them*selves and of us. This capacity allows us to be mindful of others' bodily suffering and mindful of their consciousness of our relation to them in that suffering. To mindfulness is added the capacity to empathize. Decety describes a neurological structure through which the sight of pain in another person triggers a response in our own brains that mirrors (albeit at a level attenuated by training and other contextual factors) the response we would have if we were suffering the pain ourselves. These features of the human brain allow us to pay attention to and to some extent share in the suffering of others—capacities that are psychological building blocks for caring for the sick.

Yet to explain medicine strictly on the basis of empirical science, one must solve a particularly thorny version of the more general problem of explaining altruistic human behavior. Decety notes, "The emergence of altruism, of empathizing with and caring for those who are not kin, is … not easily explained within the framework of neo-Darwinian theories of natural selection." Indeed one can scarcely imagine a practice less conducive to the reproductive fitness of a population than spending enormous resources caring for the sick, the deformed, the weak, and the aged. Natural selection and the physician would seem to be at cross-purposes: one works to eliminate the sickly, the other to save them from elimination. On this account, medicine appears to be the sort of dead end into which the evolutionary process sometimes blindly drifts.

Cacioppo, however, argues that altruistic behaviors can be explained within evolutionary theory by paying attention to inclusive fitness and the multiple levels of selective pressure:

> …for species born to a period of utter dependency [e.g., humans], the genes that find their way into the gene pool are not defined solely or even mostly by likelihood that an organism will reproduce but by the likelihood that the offspring of the parent will live long enough to

> reproduce… one consequence is that selfish genes evolved through individual-level selection processes to promote social preferences and group processes, including reciprocal social behaviors, that can extend beyond kin relationships

The concept of inclusive fitness helps to explain why humans care for the young when they are sick, and even why they care for those who when healthy are able to contribute to caring for the young. In addition, it may be that hunter-gatherers were more likely to survive and reproduce when they cared for a wounded or sickened member of the clan—thereby establishing an expectation of reciprocity that would contribute to social cohesion, collective effort, and defense of other group members. These provide at least the rudiments of an evolutionary rationale for the practice of medicine.

Yet, medicine does not involve caring merely (or even primarily) for the young, much less for those who are most genetically fit. Rather, medicine in large measure involves caring for those who either have no capacity to contribute to the gene pool because they are aged and otherwise infertile, or whose contributions to that pool will reduce population fitness because they are genetically predisposed to sickness and disability. Concern about the latter led Francis Galton and many of his American and European contemporaries to embrace social Darwinism and to champion efforts to keep the diminished and infirm from reproducing. In the United States, the eugenics movement was memorialized in the infamous words of Supreme Court justice Oliver Wendell Holmes, who justified the constitutionality of the forced sterilization of mentally 'unfit' women in the case of Buck v. Bell by writing, "Three generations of imbeciles are enough." Sterilization rates under eugenic laws in the United States increased following this ruling until the Skinner v. Oklahoma case in 1942, after which point they declined.

The practice of medicine expresses more than a straightforward social instinct for protecting the young. To borrow from Browning, it may be that medicine builds on and extends the dynamic of inclusive fitness much like in Catholic moral theology caritas (love) builds on and extends eros (desire). Browning writes, "[Aquinas] held – and Christianity has always taught – that Christian love includes more than kin altruism and the care of our familial offspring; it must include the love of neighbor, stranger, and enemy, even to the point of self-sacrifice." The theological concept of God as creator and Father of all "made it possible for Christians to build on yet analogically generalize their kin altruism to all children of God, even those beyond the immediate family, their own children and their own kin." Even those beyond the reasonable hope of reproducing or helping others to reproduce.

Notably, the self-conscious commitments that animate medicine do not include promoting population fitness or ensuring survival of offspring to the point of reproduction. Rather, physicians discipline themselves to practices that make possible the commitment of medicine: to preserve and restore the health of patients, notwithstanding patients' other characteristics. Religions ground this care for the sick in sacred and transcendent obligations to God and neighbor, and it is not incidental that the hospital began when Christian monastic

communities enfolded the care of the sick into a communal life of liturgy and prayer. This is not to say that the substantively irreligious lack proper motivation to practice medicine. It is to say that an animating vision for medicine as a good and worthy activity seems to require moral concepts that science alone does not provide.

How should medical science be deployed?

Medicine is not only animated by something like a religious vision; it also requires a thick moral framework for its ongoing *direction*. To know how best to care for patients, we need to know something about what human flourishing entails and how medicine can contribute to it. Medical science is less helpful here than one might hope.

Science facilitates the sort of religious humanism that Browning encourages, because it helps us better understand the empirical world and therefore helps all moral communities refine their efforts to bring about human flourishing. Science elucidates a range of technical possibilities and provides information about what we can reasonably expect as the consequence of choosing one course over another. Yet, even the successes of medical science highlight its limits. As medical science generates technologies that can be put to ever-wider uses, it exposes disagreements about which of those uses are worthwhile. Although medicine proceeds in scientific ways in the care of patients, it does so in pursuit of goals that science cannot set. These goals come from moral traditions and cultures, religious or otherwise.

In the same way that the influence of a dominant culture on medical practice is often invisible or taken for granted precisely because of its dominance, so the influence of religious ideas on medical practice is often invisible in those areas where commitments are shared in common among different religions and other moral traditions. For example, we generally take it for granted that mending injuries, treating infections, and removing diseased organs are good things to do. That is because the moral commitments that undergird these practices are shared by virtually all moral communities, religious or otherwise. Moral commitments that are shared by all may not seem 'moral' at all. Yet even the idea of sickness implies a norm of and concern for health that are not fully derivable from empirical science.

The influence of religion on medical practice becomes more visible where the commitments of particular traditions diverge from one another or where they diverge from the values of the dominant culture. For example, religious measures have been found consistently to strongly predict physicians' attitudes regarding ethically controversial practices such as abortion, physician-assisted suicide, withdrawal of life-sustaining therapies, contraception, physician interaction with patients about spiritual concerns and, as we have found, physicians' ideas about the relationship between religion and health.[2]

Yet overtly controversial issues merely highlight the tips of proverbial icebergs. Disputes about practices such as abortion or physician-assisted suicide concern whether the practices are intrinsically unethical. Much more commonly physicians agree about the range of legitimate clinical strategies, but they disagree about which is to be recommended in a given moment. For

example, physicians may agree that the experience of depression can be treated legitimately by antidepressant medications, referral to a psychiatrist, or referral to a counselor whose practice is rooted in a specific religious tradition. Yet our research suggests that the religious characteristics of physicians strongly influence which of these options they would recommend in a given case[3].

Controversies over a particular medical intervention often represent deeper unspoken disagreements that, unfortunately, science cannot settle. For example, controversies over the use of stimulants to manage childhood behavior disorders, or the medicalization of social anxiety, seem to reflect disagreements about more basic questions: What brings human happiness? Which moods and behaviors should be considered normal parts of human experience and which should be considered abnormal? What sorts of suffering should we try to alleviate? What leads to disordered behaviors? What resources (social, psychological, spiritual or otherwise) are best suited to addressing disruptions in individuals' mental and emotional states? How does modern medicine fit into our response to these experiences? Although physicians may not ask or answer these questions explicitly, they implicitly answer them in their responses and recommendations to patients.

So, for all that is hoped for in 'scientific' and 'evidence-based' practice, clinicians must in the end act as practical moral philosophers, making judgments about how best to pursue the goals of medicine for a particular patient in a particular context, all things considered. Among those things to be considered are moral valuations about which religions and other moral traditions have much to say, but about which medical science remains silent.

Caring for the patient as person

So far I have suggested that religions provide a vision that animates care of the sick and a moral framework that guides the application of medical technology. Religions make another contribution by fostering practices that nurture the human capacity to care for patients as persons rather than as mere objects.

Patients commonly complain that their physicians treat them as mere objects or specimens rather than appreciating and attending to them as unique persons. This problem has always plagued the profession. To learn how to heal, the novice physician must learn of patients as representing abstract general types and classes. She must learn about coronary artery disease and hematuria before she can begin to interpret Mrs. Smith's chest discomfort and Mr. Jones's red urine. These abstractions allow knowledge of when and how things happen, and that knowledge guides technological interventions that may bring healing to the body. These abstractions also help doctors objectify their patients' humanity enough to violate social norms that operate in every other social situation, such as asking patients to expose their nakedness in vulnerable positions, or cutting patients apart in hopes of making them whole.

As long as the process does not go too far, scientific detachment serves to make our concern effective. Yet the collective experience of both patients and physicians suggests that such detachment usually does go too far and occurs too easily. As a result physicians treat patients as mere objects and

instances of disease; they treat patients as less than the human persons they are.

Physicians, it would seem, are subject to a particular form of the more general psychological challenge of paying attention to other minds. Like all humans, physicians easily ignore the mindfulness of others. This matters, Epley reminds us, "because mindful agents become moral agents worthy of care and compassion." As such, patients who are seen as mindful "evoke empathy and concern for well-being, whereas agents without mindful experience can be treated simply as mindless objects." There are obstacles to recognizing the mindfulness of patients. Illness makes a patient different, or deviant, from human norms, and we tend to pay less attention to the minds of those who are different from ourselves. In addition, "Considering other minds requires some attentional effort. It does not come automatically." Physicians learn to go through the technical motions of caring for the sick until those motions become 'automatic'—that is the mark of a skilled and effective clinician. But paying attention to the mindfulness of patients requires a sustained investment of time and energy that physicians are often unwilling to make.

How could religious practices help? As Luhrmann notes, most people find it very difficult to pay attention to God. To help in this difficult and lifelong task, many religions have developed disciplines of prayer and other practices that call to mind what we tend to forget—including the ideas that motivate genuine human concern for those who suffer. Christians, for example, practice remembering that all people are ultimately united as children of the one creator God, that "the ground is level at the foot of the cross" regardless of one's social status, one's biological fitness or one's reproductive capacity. Epley notes that we are better able to pay attention to what another is thinking or feeling when we are motivated to do so. Christianity seeks to stimulate such motivation by encouraging Christians to meditate on the fact that Jesus comes to us in those who are sick and otherwise suffer[4]. Moreover, it reminds us that we are never alone. As Katherine Tanner details in her chapter, God is always with us. This central theological claim, when remembered in song, prayer, liturgy, reading of Scriptures and other rituals, provides a particular form of what psychologists call "mindful surveillance"—our actions become more "prosocial" (even altruistic) when we are aware of being observed by others. All of these practices depend on and extend the capacities of the social brain. They are also, from the vantage of Christianity, ways in which one may come to receive grace, the unmerited help of God.

Religious practices have therefore at least the potential to encourage and strengthen the human capacity for attending to the mindfulness, and therefore the personhood, of those who are sick and diminished. As Epley suggests, "Making minds visible, and hence more like one's own, enables people to more readily follow the most famous of all ethical dictates—to treat others as you would have others treat you."

Conclusion

Science and religion are invisibly and inextricably intertwined in the practice of medicine. Science has provided modern medicine with extraordinary diagnostic and therapeutic

capacities that can be employed to care for patients. Science gives knowledge of the remarkable neurological and psychological features of the social brain that make activities like caring for the sick possible. But science can also depersonalize the patient viewed through the eyes of the physician scientist. Religions (and other moral communities) motivates an attention to the person who is the patient, providing a fuller vision for the worthiness of caring for the sick, and drawing the physician and patient closer together. Religion and moral communities can also provide a framework to guide the application of medical science in that endeavor, and practices that strengthen the human capacity for treating patients as the mindful persons they are. It is the balance of the tensions produced by the forces of science and religion that may hold a key to better medical practice and patient care.

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Invisible Forces

Farr Curlin meditates on the puzzle of medicine—what is its evolutionary and social function, what draws individual practitioners to it, and what grounds its fundamental values. The values of scientific inquiry lead to treating the objects of inquiries in just that way: as objects. But objectifying patients and their disease would seem to work against the human values of empathy and caring for the weak that also seems to be part and parcel of what medicine is as a practice. Curlin argues that religious values inform and nurture the human side by insisting that there must be a connection between physician and patient, acting as an often unrecognized invisible force that humanizes the practice of medicine.

Religion is neither necessary nor sufficient for an individual to adhere to such values. The question of what it is that grounds the fundamental values that govern our relationships, and how those values are reflected in invisible social, psychological, and biological forces, is central to the work of our network. In a concluding essay, Ronald Thisted reflects on the many threads of investigation and discussion that have made up our conversation, and how they are interwoven into a network of inquiry that sheds light on invisible forces and the social brain.

Chapter 16[16]

Epilogue

Over the past six years, our network of scholars has engaged in an on-going conversation that we have come to recognize as being centered on unseen forces that shape, and are shaped by, the social nature of human beings. The essays that make up this volume give a hint as to what our conversation has been like, but the linear structure that a book imposes cannot fully evoke the give and take of vigorous debate, the excitement of viewing an old problem from a new perspective, or the satisfaction that comes from sharing the search for knowledge – even when we did not agree on the interpretation of what we discovered in our search.

We deliberately chose to describe our membership as a network rather than a committee, or seminar, or task force, or club, or salon. A network is defined as much by the connections between people as it is by the individual people themselves. Networks can be described pictorially as nodes (points that represent individuals), some of which are connected by edges (lines that represent links between two individuals). In our network, we have focused on the value of the edges, and have held the conviction that much is to be gained by exploring previously untested connections. We started with a set of nodes having only a handful of edges, and we ended with many more edges than nodes.

As a result, our network – and each individual in the network – has been enriched as we have learned more about, and more from, perspectives that initially were unfamiliar to each of us, the end result being that our whole is decidedly greater than the sum of our parts. This illustrates a recurrent theme in the book, that of emergent phenomena—characteristics that can be ascribed to entities at a higher level of organization that, without conscious

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[16] The lead author is Ronald Thisted, Ph.D., a Professor in the Departments of Health Studies, Statistics, and Anesthesia & Critical Care at the University of Chicago, where he currently chairs the Department of Health Studies. Trained in philosophy and mathematics at Pomona College and in statistics at Stanford University, his interests include the nature of argument and evidence, particularly in the context of health, disease, and medical treatment. He has published articles on topics ranging from treatment for back pain to computational mathematics, and from social determinants of health to the size of Shakespeare's vocabulary. He is a Fellow of the American Statistical Association, and a Fellow of the American Academy for the Advancement of Science.

The question of how we come to know—or to claim that we know—things, is left unexamined all too often. The similarities and differences in modes of argument across disciplines, and the variations in what counts for evidence supporting or refuting a position within and across disciplines can be illuminating. Statistics, and statistical argument, provide a rich framework for thinking about such issues as measurement, learning, uncertainty, variation, and experiment. Statistical principles provide a framework for disciplined investigation, for communication about the extent of and limitations to the information at hand, and for combining information from different sources. Although there is enormous variability between individuals, there are also commonalities to their experience that transcend their differences. As a species and as individuals, we rely on these common threads, even when they are invisible to us.

design or intent, seem to arise from behaviors and interactions at a lower level of organization. How this can come about is a puzzle, but it is a puzzle that is amenable to thoughtful investigation, both scientific and philosophical. What forces are at play, we might ask, that makes such a collection cohesive? Just what chemistry can transform a collection of individuals into something both more than and different from what in aggregate they bring to the table? We seek to understand more fully the bonds of marriage, family, friendship, or membership—invisible forces that bind and simultaneously transform the underlying nature of their constituents no less than chemical bonds transform atoms of hydrogen and oxygen into water.

Our origin was rooted in distaste for the unproductive and unenlightening shouting matches between proponents of views of science that denigrate religious belief and views of religion that are anti-scientific. We started from the assumption that scholars from the sciences and from religion and philosophy could have fruitful conversations about what is known, what counts for knowledge, what can be observed, and what can be tested through experiment and observation. And we all believe in the value of the scientific method as a means for expanding our knowledge. Internal tension is needed for the structural integrity of buildings and bridges, and that is no less true of social structures such as our network. Through appropriate construction, deep tensions between theology and science (or even between scientific disciplines or theological perspectives) that have the potential to drive us apart can instead be shaped to release creative energy and shared purpose.

Berntson notes that "beliefs and emotions have consequences, both behavioral and physiological." The network starts from the premise that one can learn about such apparently invisible phenomena as beliefs by studying and reasoning about their consequences.

In his essay, Browning advocates starting with a critical hermeneutic phenomenology, a "careful description" of our instruments, our observations, and the stories we use them to tell. Clearly articulating our assumptions and starting points has been of immense value. After doing so for the benefit of colleagues outside our disciplines, those colleagues in turn have helped us become aware of unarticulated assumptions implicit in our approaches or in our experiments. These observations have led in turn to better science and more convincing evidence. Our colleagues in the network have helped each of us to see more facets of the same elephant that individually we are too blind to appreciate fully.

Revising our thinking and our research to take those observations into account has increased the rigor of our thought and broadened the scope of our conclusions. The presence of a rich variety of disciplinary perspectives has helped us to weave the nets of Sir Arthur Eddington's parable more tightly, enabling us to see for the first time some of the "smaller fish" that earlier would have escaped our notice.

Shedding light on invisible forces (a koan)

Invisible forces of culture, connection, and curiosity bind us together and define us as a species that is

at once both individual and social. Because both individuality and sociality are fundamental to the human species, we are fundamentally interdependent, connected by invisible, yet powerful, threads. In exploring these threads, we have also been led to questions about how social forces can have effects on individuals, how the meaning that individuals (and groups) apply to particular phenomena or relationships affect both behavior and biology, and how our biology makes social connection possible. We have used the phrase "invisible forces" to describe the mechanisms that account for these effects that we essentially take for granted, and to suggest by analogy that they can be investigated rigorously just as other phenomena, such as gravity or autonomic regulation, that also are not immediately present to our visual or other senses can be studied.

Human minds are unparalleled at discerning patterns in what they see against a background of noise and variation, and they are equally adept at attributing meaning to them. As the essays in this volume demonstrate repeatedly, we readily ascribe patterns we encounter (or seek to encounter) to invisible forces of nature, of God, of kinship, of genes, of culture, of love, of social connection. A common premise underlying the work of the network is that what we know (or what we think we know), and how we come to know it, are social endeavors embedded in a shared view of both the world and how one talks meaningfully about the world. And mindful of our human facility to see patterns (even where none exist!), we are acutely aware that constant rigorous testing of assumptions, methods, and arguments is necessary to make sure that we are not fooling ourselves into seeing only what we hope to see.

Humans have a deep need to create meaning in their interactions with the world and with each other. We also have a deep need for making connections beyond ourselves. The biological structure we call our brain has evolved to reward social connection, just as it rewards the satisfaction of hunger or thirst. The human biology that directs and reflects these human needs is what we have termed the "social brain."

It is worthwhile to reflect on the range of invisible forces that we have considered here. These forces operate at several different levels, from the molecular, to individual bodily functions, to social groups, to societies, to species. They include such disparate ideas as evolutionary selective pressure favoring social connectedness, anthropomorphism, loneliness, social connection, emergent phenomena, connection to a higher being, transcendence, empathy, language as carrier for meaning, belief, collective will, group synchrony, autonomic regulation, and neural resonance. These forces interact with one another, too: loneliness, for instance, acting as an internal signal of the inadequacy of one's bonds of social connection, with consequent effects on health, mediated through autonomic regulation, or the role of belief in mediating scientific objectivity and empathy.

It is tempting to view individuals, both souls and bodies, as arising from lower-level forces within, such as the operation of specialized neurons and regulatory biological processes. And it is tempting to view social structures and the forces that tend to maintain them as arising, perhaps emergently, from the

individuals that make up societies. On this view, the social level of organization arises out of the interaction of lower-level entities. But invisible forces operate in both directions; one's degree of social integration or isolation (at the higher level) can have profound influence on one's mental and physical health (at the lower level). Just how these forces operate—in both directions—is one of the main themes of this book.

A recurring theme is the human need for connection. As we have explored this fundamental need, it has become clear that it can be satisfied in part by connections not necessarily to other human persons, but to other *minds*. Since the minds of others are in part of our own construction, connections to a higher being, or to our pets, or even to a transcendent order underlying the world, can fulfill part of what we strive to attain. Indeed, such non-human attachments can share the character of human connection: we can feel valued by our pet (just as we can feel validated in a social relationship), we can have an intimate dyadic relationship with God (just as we can be intimate with a close friend), and we can feel a sense of belonging to the universe (just as we can feel that we belong to social group). This explains how different, even contradictory, notions of a relationship to God, for instance, can lead different people each to find meaning in such a relationship: finding God on the downtown bus versus encountering God in the purposeful unfolding of the natural order.

The ideas of symmetry, complementarity, coordination, and co-regulation also run through several of our essays. Regulation of biological systems is often maintained through paired systems of biological checks and balances; when one system is activated, the other tends to restore equilibrium. For instance, one set of muscles flexes the arm, and an opposing set extends it. We have seen that the sympathetic and parasympathetic components of the autonomic nervous system—the system that makes us breathe and that makes our heart pump—operate in this way, and that chronic stimulation of some systems, like overstretched elastic bands, lose their ability to spring back. The notions of observing a behavior and performing that behavior not only are conceptually similar, they may be rooted in a common set of neurological structures which may, in turn, help us to understand how we can perceive another human being as being *like* us, but *not* us. Anthropomorphism is the belief that other minds mirror our own; this colors the way we perceive the world and the other actors in it, a mechanism that allows us to simulate getting under the skin of the other person.

Happiness and loneliness are perceptions about our place in the world that profoundly affect our physical bodies *and* our social relationships. Religious beliefs, too, can have profound effects on health and physical well-being, working through the same biological mechanisms that in health maintain equilibrium.

Unseen, yet powerful, forces regulate social behavior. Empathy, for instance, contributes to the regulation of social interactions. Synchronous behavior points to a phenomenon that makes the individual feel subsumed by the group, feeling part of a larger, organic whole. These behaviors can be as disparate as "the wave" at a sports stadium or congregational prayer at a church service. Shared feelings of

transcendence and belonging can simultaneously lead to greater fitness of the individual and increased cohesion and sustainability of the social organization—another indication of positive selection associated with the social brain.

The notion of resonance with another appears repeatedly through the book. Our connections to others derive in part from being able to see what they see, to hear what they hear, to know what they know, to feel what they feel. Or we have to be able to believe not only that this is possible, but that it happens. The social brain, in which the same regions are activated by our own experience of pain and by our perception of others in pain, makes both aspects possible. There is a close connection between being able to "feel for" another (empathy) and to "see into" another mind (anthropomorphism).

Language has the potential to affect people and groups in part because it is tied to meaning. Language is the medium through which we convey, preserve, and transmit meaning from one individual to another, and from one social generation to another. Language is powerful because it can activate belief, which in turn can activate physical responses. Words can bind; words can terrify; and words can cause physical pain and death. The power of words comes from the meanings they entail about our connections to one another.

Paradox

Our investigation of invisible forces involving the social brain has led us repeatedly to factors that fundamentally conflict. An important invisible force is the respect we pay to the boundary between self and other. Our relationship to it comes into play in conceptualizing loneliness, anthropomorphism, spirituality, group behavior, empathy, and inclusive fitness. When we speak of loneliness, this boundary seems to be an impenetrable barrier. When we speak of empathy or anthropomorphism, however, the self-other boundary is defined by the similarity and congruence of individuals to one another, providing a transparent window through which we perceive and interact with others (who must be like us). And when we speak of group synchrony, the boundary vanishes completely: self and other are one.

Successful engagement with others requires work. It is the work of *attending to* something, and it is work that often is needed to resolve competing forces. Thinking about other minds is a demanding task and requires attentional effort. It is this effort that allows us to manipulate the transparency of the self-other boundary by what we put in through learning, attending, seeking, and projecting. In effect, we can tune the degree of resonance we have with members of different groups. Similarly, consistent attentional effort is also required for the physician to attend to the mindfulness of patients, for the Vineyard church member to experience God as present in one's life, and for another to find connection to an omnipresent yet invisible God who works through the very workings of the world.

What it means to feel a connection to a higher being is a theme that several essays explore. As is evident in these essays, the Network has considered very different, even divergent, pictures of what such connection might entail. These apparent inconsistencies that can be found in

these portrayals are rooted in the different aspects of human connections, and each is grounded in a social context. Social connection can be intimate, relational, or collective. For the member of the Vineyard Church, connection with God is an intimate two-way relationship, while in Jonathan Edwards's sermon in the Great Awakening, the connection is relational and involves the coherence (or lack of it) of the individual with God's approval. And the Christian theological view of connection as a higher order can be conceived in terms of one's belonging within a whole that God's constancy makes larger than oneself.

While religion certainly speaks to individual connection to others and to the divine, religious practices can also serve an evolutionary and social function by strengthening the human capacity for attending to the personhood of those who are sick and diminished. The objectivity of medical science all too often leads to an objectification of the patient or, more frequently, the patient's disease. The social brain's capacity to see others as minds rather than objects makes it possible to assign meaning to patients and the ways in which they lack wholeness.

Crescat scientia; vita excolatur

The possibility that religion and science can enrich one other, even as one sets aside truth claims about such matters as the existence of a deity, is by no means obvious. But we have come to see that science can describe what religion does in rigorous ways that benefit religion, and religion can serve a meaning-making function that science itself disclaims. Gilpin notes that rifts between science and religion "have centered on whether one can make scientific sense of the notion of divine mind, purpose, or intention." Our network sidestepped this question from the beginning, focusing instead on related matters such as the *consequences* of believing in such a mind, and of seeing into that mind, for the one doing the divining.

Those are questions amenable to empirical investigation, and it is at that juncture that we can see benefit from our discussions. As Berntson says, "beliefs color the way we perceive the world, they direct and shape our actions, and define our personalities." Studying and debating about how they do so has been gratifying and immensely enjoyable. We have engaged in no theological debate, but have focused on questions about human beings, their beliefs, their behaviors, and how those things affect and are affected by multiple levels of human connection.

How we conceptualize our relationships to persons and things outside our selves has implications for our health and well-being. Specifically, we have seen that viewing our relationships in terms of meaningful connections with other minds can have positive implications for individual – as well as social – health and function. The more that we can learn about those implications, the more our increase in knowledge has the potential to enrich human life.

From: jeffrey epstein [jeevacation@gmail.com]
Sent: 3/3/2011 5:54:10 PM
To: Martin Weinberg Esq[redacted]; Darren Indyke [[redacted]n]
Subject: Fwd: From Alexandra Wolfe

Privileged - Redacted

Begin forwarded message:

From: "Peggy Siegal" <[redacted]>
Date: March 2, 2011 3:19:39 PM PST
To: <jeevacation@gmail.com>
Subject: From Alexandra Wolfe

[redacted]

Here are some questions. Thanks again for your help! Would love to talk to him, or travel to meet with him if that would be possible.

-What is he chiefly focusing on now? Is he spending more time on The Jeffrey Epstein Science Foundation? Could he talk about his interest in science and the 2011 grants/conference?
-How has his business been affected? Is there any new direction he's taking it? Does he still have the same clients or new ones? Is it still at $15 billion?
-Did he still work while in prison? How was that arranged? With whom was he working/advising?
-Where is he spending his time now? How has his social life changed from three years ago?
-Is he still close with Ghislaine Maxwell? Someone said she lives with him (but that doesn't sound right)?
-What were friends/colleagues/acquaintances reactions to his conviction?
-What does he think about the sentence he got- was it too lenient or too harsh and why?
-What is his side of the story and have people been supportive?
-Is he continuing the charity initiatives he started with Bill Clinton, etc?

From: Jeffrey Epstein [jeevacation@gmail.com]
Sent: 3/7/2011 7:12:54 PM
To: Jay Lefkowitz [redacted]
Subject: Re: Fw:

Privileged - Redacted

On Mon, Mar 7, 2011 at 11:11 AM, Jay Lefkowitz <[redacted]> wrote:

----- Original Message -----
From: "Wolfe, Alexandra" [redacted]
Sent: 03/07/2011 02:04 PM EST
To: Jay Lefkowitz
Subject: RE:

Dear Mr. Lefkowitz,

Here are the questions I'd like to ask Jeffrey Epstein. Would he be available to answer any of these on the phone or by email? People have told me some of his thoughts on background but I wanted to see if he could tell me or email me anything directly I could use on the record. Also I'd like to run the information I already have by you or him.

Thank you,
Alexandra

-What is he chiefly focusing on now? Is he spending more time on The Jeffrey Epstein Science Foundation? Could he talk about his interest in science and the 2011 grants/conference?
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-----Original Message-----
From: Jay Lefkowitz [mailto:[redacted]
Sent: Mon 3/7/2011 12:18 PM
To: Wolfe, Alexandra
Subject:

Dear Ms. Wolfe,

I understand you have some questions about my client, Jeffrey Epstein. Given that much of the press coverage surrounding Mr. Epstein has been inaccurate and in some instances, defamatory, I would like to suggest that you send me any facutal questions so that I can provide you with accurate responses.

I am also available to speak with you. My number is 212 446 4970.

Thank you,

Jay

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From: Jeffrey Epstein [jeevacation@gmail.com]
Sent: 3/8/2011 1:10:38 AM
To: Mike Sitrick [[redacted]]
Subject: Fwd: Fw:

---------- Forwarded message ----------
From: **Jay Lefkowitz** <[redacted]>
Date: Mon, Mar 7, 2011 at 11:11 AM
Subject: Fw:
To: Jeffrey Epstein <jeevacation@gmail.com>, Darren <[redacted]>, Martin Weinberg <[redacted]>

----- Original Message -----
From: "Wolfe, Alexandra" [[redacted]]
Sent: 03/07/2011 02:04 PM EST
To: Jay Lefkowitz
Subject: RE:

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Thank you,
Alexandra

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-----Original Message-----

From: Jay Lefkowitz [mailto:[redacted]]
Sent: Mon 3/7/2011 12:18 PM
To: Wolfe, Alexandra
Subject:

Dear Ms. Wolfe,

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I am also available to speak with you. My number is [redacted]

Thank you,

Jay

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From: Jeffrey Epstein [jeevacation@gmail.com]
Sent: 4/4/2011 12:21:13 PM
To: Peggy Siegal [redacted]
Subject: Re: Alexandra Wolf

never

On Mon, Apr 4, 2011 at 8:15 AM, Peggy Siegal <[redacted]> wrote:

Just read Alex's blog. It's pretty harmless.

Do you know Debbie Bancroft? Why is she giving quotes about you? She is a fat drunk with no money and a bad marriage. She writes or did write a pathetic social column about losers. Did you ever meet her? She is a joke.
Peg

----- Original Message -----
From: Jeffrey Epstein <jeevacation@gmail.com>
To: Peggy Siegal
Sent: Sat Apr 02 09:02:02 2011
Subject:

http://www.thedailybeast.com/blogs-and-stories/2011-04-01/bill-clinton-katie-couric-woody-allen-jeffrey-epsteins-society-friends-close-ranks/2/

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From: Lawrence Krauss [redacted]
Sent: 12/11/2017 6:53:37 AM
To: Nancy Portland [redacted]
CC: Lawrence Krauss [redacted]
Subject: Re: URGENT: BuzzFeed News inquiry re allegations of sexual harassment
Attachments: DA866543-7401-4A5A-8E50-FD32E33A50EC.png

Importance: High

a few more minor changes.. one in first line of second paragraph and one misspelling corrected..so you can read this one:

Lawrence M. Krauss
Director, The Origins Project at ASU
Co-Director, Cosmology Initiative
Foundation Professor
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: [redacted], Assistant [redacted]
Origins Office [redacted]
[redacted]
origins.asu.edu | **twitter.com/lkrauss1** | **krauss.faculty.asu.edu**

On Dec 10, 2017, at 10:31 PM, Lawrence Krauss [redacted] wrote:

Second Draft:

I appreciate the opportunity to respond to your email. While I am running the risk that you will report my comments, if you do, either out of context, or incompletely, I am responding with an effort to be complete. It is hard to know how to respond to a list of false and/or distorted allegations, along with misleading statements on your part. I treat people I interact with with respect, and I work hard to support and mentor students, colleagues, and members of the general public. I do not sexually harass people. If the purpose of your reporting is to somehow argue that Universities and other institutions are lax in dealing with well known individuals like myself, then in fact the situation is quite the opposite. My high public profile opens me up to more scrutiny at these institutions, not less, and it also opens me up to a host of outside complaints and allegations that other faculty do not receive, each of which the University has to respond to. The fact that I have remained a professor in all Universities with which I have been associated, in good standing, and also an officer or an invited speaker at organizations like CFI, which have strict harassment policies, is a confirmation of the fact that they trust my behavior. I was asked to be an honorary director of CFI, and invited to their last 3 meetings to speak, specifically because, as they have written me after the fact, the attendees universally appreciated my talks, my courtesy, and graciousness in spending time with the attendees. If the purpose of your report is to impugn my integrity or suggest I have a history of harassment, that too is false. As noted in one of your 'miscellaneous facts', as a scientist I try and remain skeptical, and rely on empirical evidence, rather than allegations and innuendo. I also try and judge the facts in context. The fact that Universities and other organizations employ me or have me on their boards, or invite me to meetings is because they value my contributions and my actions.

The items you list are false or distorted. Item 1 refers falsely and inaccurately to a consensual encounter in my hotel room in 2006 where we mutually decided, in a polite discussion in fact, that taking it any further would not be appropriate, and there were respectful and platonic encounters afterwards. There is nothing to comment on in item 3, which involves an anonymous 3rd party claim because I know nothing about it, there are no details provided, and it clearly was not taken seriously enough to result in any university action. Item 4 is confusing. Are you saying that because I decided I didn't want to go out to a bar with a group of attendees that I was harassing them? The second part did not happen. Re incident 5: The 'female companion' in this case is my wife, who can attest to the fact that the claim is false, which is what I wrote at the time in response to the blog in question, causing it to be taken down.

It is worth responding to Item 2 and 6 in more detail,

Re item 2: the student in question was interested in science communication, and on dozens of occasions came to me or wrote to me with questions. When she asked about advice for after graduation I DID tell her she was different than the other students in her year. The rest of them were interested in going on to graduate school, but she was interested in science communication so I told her that she might want to take a different path. Since she was the only woman in her year, as I recall, I did ask her on one of these occasions if that made it difficult for her in any way. I asked, because as a faculty member I was interested in knowing what we could do, if necessary to encourage more women to go into physics, and also because as someone she had asked for career advice from I wanted to know if that made a difference to her. Re asking her for dinner.. I have gone back over emails from that period. I have numerous requests from her asking me to go for coffee to talk, which I usually had to turn down because I was busy, and on several occasions sh specifically asked me to have coffee with her off campus to talk, and I politely declined. I did let her accompany me off campus one time to watch me do a BBC interview because she specifically requested it. I did and do have coffee and meals with students on campus, and I see nothing wrong with this. I try to treat even students as respected colleagues if possible. I was shocked when I later learned of the complaint she was apparently asked to lodge to the University, not least because there was no inappropriate interaction and also because, well after the dates you listed on which she was apparently offended, she continued to email me with joking questions or comments. Also, at a later AAAS conference, again in 2008, for which she had asked, and for which I had written her a letter of recommendation to attend, my wife and I gave her a lift in our taxi well out out of our way in order to drop her off at her hotel, and I note in an email response to her email about the conference, agin in 2008, I expressed that I would pass her regards along to my wife and vice versa. When the University later informed me of the complaint I was shocked and concerned. When I spoke to the human resources person, including relating my concerns and providing the emails in question, I was told that no formal complaint of sexual harassment was deemed at that time to be called for, and that the young woman in question had agreed to that. By that time I learned of the complaint I had already announced my intentions to leave Case to accept an offer at ASU—a very difficult decision for me because of my long-standing attachment to the University, and the excellent relations I had with my colleagues there, both among the faculty and among the administration. Because I was already in Arizona at the time I was asked not to have any further interaction with the student I agreed to that request, both to respect her sensitivities and also because it was basically moot because I was not on campus. I was also told that because it was being handled informally, that (a) it should remain confidential, which I, at least abided by, and (b) if no further complaints were lodged in that case, that the University would remove the complaint from my record after 5 years, which makes me surprised that someone violated that written agreement with you.

Re item 6: You report on ASU's response to item #6 , without including the fact that the University specifically stated there were never any allegations of sexual misconduct or harassment by me at the University, and morever the outside complaints were in fact related specifically to your item #6. Further you neglect to mention that this complaint was by an anonymous third party, not the individual who was allegedly harassed, who never lodged a complaint, and that no specific evidence was provided of the alleged transgression. I was surprised and dismayed that both ASU and ANU launched investigations on the basis of this but was told by both Universities that because of my high profile even such unsubstantiated third party complaints at private events unrelated to the University would be investigated. The complaint was investigated throughly by both ASU and ANU and both came to the conclusion that it was not credible and no university policies had been violated. . In addition ANU's investigation, which took a full month found significant inconsistencies in the allegation, suggesting distortion and fabrication, I will quote from the ANU report. The initial complaint, which in fact resulted in a temporary suspension of my position at ANU, until it was dismissed, outlined the claim you made in the words you quoted in your note to me, but it also stated

"It is the University's understanding that a complaint was lodged directly to the conference organisers at the time of the incident."

After the month-long investigation, during which I was told I was not to interact with anyone on campus (again moot because I was a hemisphere removed) the final report absolved me of any wrongdoing, and indicated information inconsistent with the original claim and apparent later claims as follows in the report, from which I quote:

"The allegations were made by an observer to the incident.
- The complaint did not identify, nor disclose the identity of the conference attendee who was allegedly touched in an unwelcome manner.
- The conference attendee who took the 'selfie' photo did not lodge a formal complaint to the conference organisers at the time of the incident (November 2016).
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The photo submitted as part of the complaint does not provide evidence of any physical contact.
- The complainant alleged that a photo exists, showing your hand on the breast of the conference attendee who took the 'selfie' photo. This photo was not made available to the Australian National University, although it was requested in the course of the investigation."

(And for the record I often put my hand up in front of a camera if there is a flash, as I specifically request selfies not to include flashes, so that I don't end up with a series bright spots in front of my eyes for the next half hour)

What makes this particular type of allegation so repugnant is that I get asked for literally thousands of selfies, and when people come up to me they are vulnerable, often shaking, and sometimes overly aggressive. I am particularly proud of the way I attempt to make all people feel at ease, and respected, rather than humiliated. Thus, this false claim strikes at the heart of what I am about, which is to acknowledge fans in a way that makes them feel appreciated. As I understand you had a reporter watching me sign books and take selfies at the CFI conference in Las Vegas this year, that behavior is what they will have witnessed. Moreover, I am proud of the interactions I have had at both Case and ASU, with students, colleagues and staff of all genders and ethnicities. I have worked hard to support them, mentor them, and treat them with respect. I treat others as responsible adults, and I expect to be treated equally.

Lawrence M. Krauss
Director, The Origins Project at ASU
Co-Director, Cosmology Initiative
Foundation Professor
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: [redacted] Assistant [redacted]
Origins Office [redacted]
origins.asu.edu | **twitter.com/lkrauss1** | **krauss.faculty.asu.edu**

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On Dec 10, 2017, at 9:53 PM, Lawrence Krauss [redacted] wrote:

First draft:

It is hard to know how to respond to a list of false and/or distorted allegations, along with misleading statements on your part. Needless to say, I treat people I interact with with respect, and I work hard to support and mentor students, colleagues, and members of the general public. I do not sexually harass people. If the purpose of your reporting is to somehow argue that that Universities and other institutions are lax in dealing with well known individuals like myself, then in fact the situation is quite the opposite. My high public profile opens me up to more scrutiny at these institutions, not less, and it also opens me up to a host of outside complaints and allegations that other faculty do not receive, each of which the University has to respond to. The fact that I have remained a professor in all Universities with which I have been associated, in good standing, and also an officer or an invited speaker at organizations like CFI, which have strict harassment policies, is a confirmation of the fact that they trust my behavior. I was asked to be an honorary director of CFI, and invited to their last 3 meetings to speak, specifically because, as they have written me after the fact, the attendees universally appreciated my talks, my courtesy, and graciousness in spending time with the attendees. If the purpose of your report is to impugn my integrity or suggest I have a history of harassment, that too is false. As noted in one of your 'miscellaneous facts', as a scientist I try and remain skeptical, and rely on empirical evidence, rather than allegations and innuendo. I also try and judge the facts in context. The fact that Universities and other organizations employ me or have me on their boards, or invite me to meetings is because they value my contributions and my actions.

Your specific allegations are false or distorted. Item 1 refers to a consensual encounter in my hotel room in 2006 where we mutually decided, in a polite discussion in fact, that taking it any further would not be appropriate, and had respectful encounters afterwards. I cannot comment on item 3, which involves an anonymous 3rd party claim, because I know nothing about it, and it was not taken seriously enough to result in any university action. Item 4 is confusing. Are you saying that because I decided I didn't want to go out to a bar with a group of attendees that I was harassing them? The second part is false. I don't do that. Re incident 5: The 'female companion' in this case is my wife, who can attest to the fact that the claim is false, which is what I wrote in response to the blog in question, causing it to be taken down.

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Re item 2: the student in question was interested in science communication, and on dozens of occasions came to me or wrote to me with questions. When she asked about advice for after graduation I DID tell her she was different than the other students in her year. The rest of them were interested in going on to graduate school, but she was interested in science communication so I told her that she might want to take a different path. Since she was the only woman in her year, as I recall, I did ask her on one of these occasions if that made it difficult for her in any way. I asked, because as a faculty member I was interested, and also because as someone she had asked for career advice from I wanted to know if that made a difference to her. Re asking her for dinner.. I have gone back over emails from that period. I have numerous requests from her to go for coffee to talk, which I usually had to turn down because I was busy, including several occasions where she asked me to have coffee with her off campus to talk, and I politely declined. I did let her accompany me off campus one time to watch me do a BBC interview because she specifically requested it. I did and do have coffee and meals with students on campus, and I see nothing wrong with this. I was shocked when I later learned of her complaint, not least because there was no inappropriate interaction and also because well after the date on which she is said to have been offended, she continued to email me with joking questions or comments, and at a AAAS conference in 2008, for which she had asked, and for which I had written her a letter of recommendation to attend, my wife and I gave her a lift well out out of our way to drop her off at her hotel, and I note in an email response to her email about the conference, agin in 2008, I expressed that I would pass her regards along to my wife and vice versa. When the University informed me of the complaint I was shocked and concerned. When I spoke to the human resources person, including relating my concerns and providing the emails in question, I was told that no formal complaint of sexual harassment was deemed to be warranted in this case, and that the young woman in question had agreed to that. By that time I learned of the complaint I had already announced my intentions to leave Case to accept an offer at ASU—a very difficult decision for me because of my long-standing attachment to the University, and the excellent relations I had with my colleagues there, both among the faculty and among the administration. Because I was already in Arizona at the time I was asked not to have any further interaction with the student I agreed to that request because it was basically moot. I was also told that because it was being handled informally, that (a) it should remain confidential, which I, at least abided by, and (b) if no further complaints were lodged in that

case, that the University would remove the allegation from my record after 5 years, which makes me surprised that someone violated that written agreement with you.

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"It is the University's understanding that a complaint was lodged directly to the conference organisers at the time of the incident."

After the investigation, the final report absolved me of any wrongdoing, and indicated information inconsistent with the original claim and apparent later claims as follows:

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- The complaint did not identify, nor disclose the identity of the conference attendee who was allegedly touched in an unwelcome manner.
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What makes this particular type of allegation so repugnant is that I get asked for literally thousands of selfies, and when people come up to me they are vulnerable, often shaking, and sometimes overly aggressive. I am particularly proud of the way I attempt to make all people feel at ease, and respected, rather than humiliated. Thus, this false claim strikes at the heart of what I am about, which is to acknowledge fans in a way that makes them feel appreciated. As I understand you had a reporter watching me sign books and take selfies at the CFI conference in Las Vegas this year, that behavior is what they will have witnessed. Moreover, I am proud of the interactions I have had at both Case and ASU, with students, colleagues and staff. I have had numerous female graduate students, postdocs, employees, and colleagues, and as ASU attested to you, none of these have ever complained of harassment. Quite the contrary in fact, as I have worked hard to support them, mentor them, and treat them with respect. I treat others as responsible adults, and I expect to be treated equally.

Begin forwarded message:

From: Peter Aldhous [redacted]
Subject: URGENT: BuzzFeed News inquiry re allegations of sexual harassment
Date: December 10, 2017 at 5:12:27 PM PST
To: [redacted]

Dr. Krauss:

As you know, I'm a reporter for BuzzFeed News who has been investigating sexual misconduct allegations against you. As we've already discussed by email, I'd very much like to interview you about these allegations in detail.

In particular, you stated in an email sent on Nov 13 that two universities had investigated an incident (# 6 below). You claimed that "both Universities independently concluded that the report was unsubstantiated and fabricated with malicious intent." We are not aware that either university concluded fabrication or malicious intent, so if you have evidence to support this assertion, we would like to see and discuss it.

The story concerns your actions towards students while a professor of physics at Case Western Reserve University, as well as your conduct in non-academic settings as a prominent figure in the skeptics movement. I am reporting this story along with two of my colleagues on the science desk, Azeen Ghorayshi and Virginia Hughes.

Our story is about several allegations of sexual misconduct dating from 2006 to 2016 (see full details below). Our reporting also goes into how the various institutions you have been affiliated with — Case Western, Arizona State University, the Australian National University, the New College of the Humanities, and the Center for Inquiry, for which you serve as an honorary member of the board of directors — have handled complaints and concerns about your behavior during this time.

Our story is corroborated by emails, university documents, official complaints, testimony from victims and eyewitnesses, and interviews with more than two dozen of your current and former academic colleagues, students, and peers in the skeptics movement.

I wanted to offer you the opportunity to comment and/or respond to the main facts we plan to publish. If you wish to comment on any of the below findings, we need to hear from you as soon as possible. **We are planning on publishing our story Tuesday morning, Eastern US Time.**

Based on our reporting, this is what we plan to publish:

Incident 1:

- In November of 2006, at an event launching the new Center for Inquiry in Washington D.C., you met a volunteer for CFI D.C.
- At the event, you asked for her business card. Later, you followed her as she was leaving and asked her if she was "of age."
- Later, you emailed her to invite her to dinner.
- You planned to dine with her in the restaurant at the Washington D.C. hotel where you were staying.
- You told her to come up to your room first because you needed to finish some work.
- In your hotel room, you seemed in no rush to leave. You ordered a cheese plate, and later champagne, despite her suggestion that you go down to dinner.
- You then made a comment about her eye makeup, getting very close to her face.
- You then lifted her by her arms, and pushed her onto the bed beneath you, forcibly kissing her and trying to pull down the crotch of her tights.
- She struggled to push you off her.
- You said, "When I was in college I could never get a girl that looked like you."
- When you pulled out a condom, she got out from under you. She said "I have to go," and rushed out of the room.

Incident 2:

- In an incident that occurred in fall of 2007 while you were a physics professor at Case Western Reserve University, a student tried to talk to you about her plans after graduation. You mentioned to her how tough it must be to have all the other physics majors asking her out on dates.
- In a second incident in December of 2007, while you were still at Case Western, the same student visited your office to interview you for a student science journal. You closed the door behind her, and ignored the questions she had prepared. Then you made a casual comment about taking her out for dinner.
- Later, in a regular column for the school paper, she described her experiences with you, without mentioning you by name. "There was even one particular creep of a professor who once told me he thought differently of me compared to other students and asked me to dinner: a situation so disturbing that it left me upset for weeks afterward," she wrote.

- She was then approached by a dean at the university, who suspected that she was referring to you, based on a previously reported incident with another student. He encouraged her to make a complaint, and she did.
- University investigators interviewed both you and the student.
- On September 4, 2008, Susan Nickel-Schindewolf, the university's associate vice president for student affairs, wrote to the student, telling her that the investigation was complete. She wrote that you had been told: "This type of behavior could constitute sexual harassment in violation of the university's sexual harassment policy."
- The letter also stated that you were prohibited from making contact with the student as long as she remained at Case.
- The letter also stated that you are required to get approval from the dean or the chair of the physics department before setting foot on the campus again.
- The letter also stated, "Dr. Krauss expressed regret about having a negative impact on you, and also his willingness to use this complaint as an opportunity to reflect and improve on his future interactions with students."
- By then, you had already left Case, taking up your current position at Arizona State University the month before.
- "The opportunities being offered at ASU are simply too great to turn down at this stage in my career," you told Case colleagues, in an email announcing your departure on April 16, 2008.

Incident 3:

- A former Case Western physics department administrator confirmed that she had reported a previous incident involving a student who had confided in her about your inappropriate behavior towards her.

Incident 4:

- You met a student from another university, an atheist activist, in March 2008 at the American Atheists Convention in Minneapolis. She wanted to expand the atheist group she ran at the midwestern university she was attending, and hoped to convince you to come and speak. You initially seemed enthusiastic.
- During the convention, attendees including you and Richard Dawkins went for dinner with the student and volunteers for Dawkins' foundation.
- Afterwards, the student invited you to join the volunteers for a drink.
- You asked her to come get you in your hotel room. She was wary of your intentions, and so brought a male friend with her. Opening the door to find them both there, you informed her you had decided not to go.
- You met this student again at the American Atheists Convention in Des Moines, Iowa, in April 2011.
- You pulled over a chair for her in the bar, and then started running your hand up her leg under the table.
- She tried to shift her body away from you, and you persisted in putting your hand on her leg. She crossed her legs, and you kept trying. Then she turned her entire body away.

Incident 5:

- This incident allegedly occurred on in May 2011 on a CFI cruise. We understand that CFI staff were informed that you had propositioned a female cruise-goer, who rejected an invitation to join you and your female companion for sex in your cabin.
- At least two CFI staffers were sufficiently concerned about reports of your behavior that they urged CFI's president not to invite you on a 2014 cruise of the Galápagos Islands. You were invited on that cruise, however.

Incident 6:

- During a visit to Melbourne, Australia, in November 2016, you were accused of sexual misconduct once again.
- The incident happened at a dinner held at the Melbourne Zoo as part of the Australian Skeptics National Convention, where you were a featured speaker.
- With conference delegates chatting over drinks, a woman asked you for a celebrity selfie.
- As the woman held out her phone to take the picture, you reached over her shoulder and grabbed her right breast.
- She immediately reacted, bodychecking you and spinning around. "Don't do that," she said.
- BuzzFeed News has seen the complaint made by another woman to ASU, ANU, and the New College of the Humanities in London, including the selfie, her face obscured to conceal her identity. It shows your hand in motion as a blur in front of her shoulder, apparently moving toward her chest. Two other eyewitnesses have confirmed the complainant's account of what happened.
- In April 2017, the complainant described the incident on her blog. After hearing more about your reputation for inappropriate behavior from blog readers, she decided to file a complaint about the Nov. 2016 incident.
- On July 16, she filed formal complaints with Arizona State University, and with the Australian National University in Canberra and the New College of the Humanities in London, where you have visiting appointments.
- Both Arizona State and the Australian National University told her they would look into the matter. But neither university found against you.
- "Based on the material available to the University, we do not have sufficient evidence to substantiate the allegations," Kiaran Kirk, dean of the College of Science at the Australian National University, wrote to her.
- Erin Ellison, who heads Arizona State's Office of Equity & Inclusion, wrote to her explaining that an inquiry "did not find a violation of university policy."
- In October, Arizona State denied a request from BuzzFeed News for documents relating to complaints of sexual harassment against you. However, Cynthia Jewett, the university's senior associate general counsel, noted that **two** individuals, neither affiliated with the university, had complained about you. "The University did not find either communication to state a credible allegation," Jewett wrote.

Miscellaneous facts:

- In 2008, you founded the Origins Project at Arizona State University in Tempe, a multidisciplinary effort to understand the origins of the universe, life, and social systems. You have led that effort ever since.
- Thanks to best-selling books like *The Physics of Star Trek* and *A Universe From Nothing*, frequent essays in publications including the New Yorker and the New York Times, and the documentary you made with biologist Richard Dawkins, called *The Unbelievers*, you are celebrated as one of America's leading public intellectuals.
- You served on the science policy committee for Barack Obama's 2008 presidential campaign and are a vocal critic of President Donald Trump.
- You also make regular public appearances across the world, often at gatherings of skeptics and atheists.
- At CSICon in Las Vegas in October, a few dozen fans paid $500 per head to attend a VIP luncheon with you and Dawkins.
- Many more lined up to get you to sign their copy of your latest book, *The Greatest Story Ever Told — So Far*.
- Online, people can buy T-shirts emblazoned "Lawrence Krauss for President."
- In talks and interviews, you have argued that our universe arose without divine intervention, that religion drives xenophobia, and that our brains are hardwired to believe.

- You have stated that science provides answers to many of life's biggest questions, and can even fix great societal injustices.
- Earlier this year, at a Q&A event to promote your new book, the conversation came around to the dearth of women and minorities in science. "Science itself overcomes misogyny and prejudice and bias," you said. "It's built in: Questioning yourself, always questioning results, questioning others, relying on empirical evidence."
- You have clashed with some skeptics over your defense of Jeffrey Epstein, a billionaire financier who in 2008 was convicted for soliciting prostitution from underage girls, and spent 13 months in a Florida jail.
- Through his private foundation, Epstein has funded the work of several prominent scientists. He has provided funding for your Origins Project, supporting lectureship and scholarship programs, most recently pledging $100,000 in 2014.
- In April 2011, you told the Daily Beast: "As a scientist I always judge things on empirical evidence and he always has women ages 19 to 23 around him, but I've never seen anything else, so as a scientist, my presumption is that whatever the problems were I would believe him over other people."
- In a blog comment about the Epstein controversy, you wrote: "I remain skeptical, and I support a man whose character I believe I know...If you want to condemn me for that, so be it."
- You were made an honorary member of CFI's board of directors in December 2011.
- A blog post published in August 2013 described incidents #1 and #4, naming you. Another post, published at around the same time, described incident #5.
- The first post was edited to remove your name after you had commented that the allegations of assault were "potentially illegal." The second post was quickly taken down.

Again, if you wish to comment on or clarify any of these points, please get in touch with us as soon as possible. If I do not respond immediately it is because I am on another call, so please leave the best phone number to reach you.

Thanks,
Peter Aldhous
(
(

From: Lawrence Krauss [redacted]
Sent: 12/11/2017 3:22:48 PM
To: jeffrey E. [jeevacation@gmail.com]
CC: Lawrence Krauss[redacted]
Subject: Re: URGENT: BuzzFeed News inquiry re allegations of sexual harassment
Attachments: image002.png

Importance: High

Thanks.. I need to get this or something to them quickly. I do feel the need to respond to each of their claims otherwise they would say I don't deny them.. Will include a short preamble. I am going to cc the letter to the Buzzfeed lawyers. I figure I will see whether the buzzfeed story gets any traction at all, or appears before putting on my web site, or tweeting and facebooking it.

LMK

On Dec 11, 2017, at 4:18 AM, jeffrey E. <jeevacation@gmail.com> wrote:

normaly thier strategy will be to take back your defense to the accusers. and attack each one. if they find you are right they will leave out. and only go with the conflicted. I think you should include short concise cover letter. that you would like published in it entirety. it can refence your attacjment that you will put on your web site? . that goes into more details but in general , these are false. they were either investigated and found lacking or ignored. etc. often they throw out the near publishing date merely to get you to ansser.

On Mon, Dec 11, 2017 at 7:53 AM, Lawrence Krauss[redacted] wrote:

a few more minor changes.. one in first line of second paragraph and one misspelling corrected..so you can read this one:

Lawrence M. Krauss
Director, The Origins Project at ASU
Co-Director, Cosmology Initiative
Foundation Professor
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office:[redacted]Assistant [redacted]
Origins Office [redacted]
[redacted]
origins.asu.edu | **twitter.com/lkrauss1** | **krauss.faculty.asu.edu**

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On Dec 10, 2017, at 10:31 PM, Lawrence Krauss [redacted] wrote:

Second Draft:

I appreciate the opportunity to respond to your email. While I am running the risk that you will report my comments, if you do, either out of context, or incompletely, I am responding with an effort to be complete. It is hard to know how to respond to a list of false and/or distorted allegations, along with misleading statements on your part. I treat people I interact with with respect, and I work hard

to support and mentor students, colleagues, and members of the general public. I do not sexually harass people. If the purpose of your reporting is to somehow argue that Universities and other institutions are lax in dealing with well known individuals like myself, then in fact the situation is quite the opposite. My high public profile opens me up to more scrutiny at these institutions, not less, and it also opens me up to a host of outside complaints and allegations that other faculty do not receive, each of which the University has to respond to. The fact that I have remained a professor in all Universities with which I have been associated, in good standing, and also an officer or an invited speaker at organizations like CFI, which have strict harassment policies, is a confirmation of the fact that they trust my behavior. I was asked to be an honorary director of CFI, and invited to their last 3 meetings to speak, specifically because, as they have written me after the fact, the attendees universally appreciated my talks, my courtesy, and graciousness in spending time with the attendees. If the purpose of your report is to impugn my integrity or suggest I have a history of harassment, that too is false. As noted in one of your 'miscellaneous facts', as a scientist I try and remain skeptical, and rely on empirical evidence, rather than allegations and innuendo. I also try and judge the facts in context. The fact that Universities and other organizations employ me or have me on their boards, or invite me to meetings is because they value my contributions and my actions.

The items you list are false or distorted. Item 1 refers falsely and inaccurately to a consensual encounter in my hotel room in 2006 where we mutually decided, in a polite discussion in fact, that taking it any further would not be appropriate, and there were respectful and platonic encounters afterwards. There is nothing to comment on in item 3, which involves an anonymous 3rd party claim because I know nothing about it, there are no details provided, and it clearly was not taken seriously enough to result in any university action. Item 4 is confusing. Are you saying that because I decided I didn't want to go out to a bar with a group of attendees that I was harassing them? The second part did not happen. Re incident 5: The 'female companion' in this case is my wife, who can attest to the fact that the claim is false, which is what I wrote at the time in response to the blog in question, causing it to be taken down.

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Re item 2: the student in question was interested in science communication, and on dozens of occasions came to me or wrote to me with questions. When she asked about advice for after graduation I DID tell her she was different than the other students in her year. The rest of them were interested in going on to graduate school, but she was interested in science communication so I told her that she might want to take a different path. Since she was the only woman in her year, as I recall, I did ask her on one of these occasions if that made it difficult for her in any way. I asked, because as a faculty member I was interested in knowing what we could do, if necessary to encourage more women to go into physics, and also because as someone she had asked for career advice from I wanted to know if that made a difference to her. Re asking her for dinner.. I have gone back over emails from that period. I have numerous requests from her asking me to go for coffee to talk, which I usually had to turn down because I was busy, and on several occasions sh specifically asked me to have coffee with her off campus to talk, and I politely declined. I did let her accompany me off campus one time to watch me do a BBC interview because she specifically requested it. I did and do have coffee and meals with students on campus, and I see nothing wrong with this. I try to treat even students as respected colleagues if possible. I was shocked when I later learned of the complaint she was apparently asked to lodge to the University, not least because there was no inappropriate interaction and also because, well after the dates you listed on which she was apparently offended, she continued to email me with joking questions or comments. Also, at a later AAAS conference, again in 2008, for which she had asked, and for which I had written her a letter of recommendation to attend, my wife and I gave her a lift in our taxi well out out of our way in order to drop her off at her hotel, and I note in an email response to her email about the conference, agin in 2008, I expressed that I would pass her regards along to my wife and vice versa. When the University later informed me of the complaint I was shocked and concerned. When I spoke to the human resources person, including relating my concerns and providing the emails in question, I was told that no formal complaint of sexual harassment was deemed at that time to be called for, and that the young woman in question had agreed to that. By that time I learned of the complaint I had already announced my intentions to leave Case to accept an offer at ASU—a very difficult decision for me because of my long-standing attachment to the University, and the excellent relations I had with my colleagues there, both among the faculty and among the administration. Because I was already in Arizona at the time I was asked not to have any further interaction with the student I agreed to that request, both to respect her sensitivities and also because it was basically moot because I was not on campus. I was also told that because it was being handled informally, that (a) it should remain confidential, which I, at least abided by, and (b) if no further complaints were lodged in that case, that the University would remove the complaint from my record after 5 years, which makes me surprised that someone violated that written agreement with you.

Re item 6: You report on ASU's response to item #6 , without including the fact that the University specifically stated there were never any allegations of sexual misconduct or harassment by me at the University, and morever the outside complaints were in fact related specifically to your item #6. Further you neglect to mention that this complaint was by an anonymous third party, not the individual who was allegedly harassed, who never lodged a complaint, and that no specific evidence was provided of the alleged transgression. I was surprised and dismayed that both ASU and ANU launched investigations on the basis of this but was told by both Universities that because of my high profile even such unsubstantiated third party complaints at private events unrelated to the University would be investigated. The complaint was investigated throughly by both ASU and ANU and both came to the conclusion that it was not credible and no university policies had been violated. . In addition ANU's investigation, which took a full month found significant inconsistencies in the allegation, suggesting distortion and fabrication, I will quote from the ANU report. The initial complaint, which in fact resulted in a temporary suspension of my position at ANU, until it was dismissed, outlined the claim you made in the words you quoted in your note to me, but it also stated

"It is the University's understanding that a complaint was lodged directly to the conference organisers at the time of the incident."

After the month-long investigation, during which I was told I was not to interact with anyone on campus (again moot because I was a hemisphere removed) the final report absolved me of any wrongdoing, and indicated information inconsistent with the original claim and apparent later claims as follows in the report, from which I quote:

"The allegations were made by an observer to the incident.

- The complaint did not identify, nor disclose the identity of the conference attendee who was allegedly touched in an unwelcome manner.
- The conference attendee who took the 'selfie' photo did not lodge a formal complaint to the conference organisers at the time of the incident (November 2016).
- The conference attendee who witnessed the incident, did not lodge a formal complaint to the conference organisers at the time of the incident (November 2016).
The photo submitted as part of the complaint does not provide evidence of any physical contact.
- The complainant alleged that a photo exists, showing your hand on the breast of the conference attendee who took the 'selfie' photo. This photo was not made available to the Australian National University, although it was requested in the course of the investigation."

(And for the record I often put my hand up in front of a camera if there is a flash, as I specifically request selfies not to include flashes, so that I don't end up with a series bright spots in front of my eyes for the next half hour)

What makes this particular type of allegation so repugnant is that I get asked for literally thousands of selfies, and when people come up to me they are vulnerable, often shaking, and sometimes overly aggressive. I am particularly proud of the way I attempt to make all people feel at ease, and respected, rather than humiliated. Thus, this false claim strikes at the heart of what I am about, which is to acknowledge fans in a way that makes them feel appreciated. As I understand you had a reporter watching me sign books and take selfies at the CFI conference in Las Vegas this year, that behavior is what they will have witnessed. Moreover, I am proud of the interactions I have had at both Case and ASU, with students, colleagues and staff of all genders and ethnicities. I have worked hard to support them, mentor them, and treat them with respect. I treat others as responsible adults, and I expect to be treated equally.

Lawrence M. Krauss
Director, The Origins Project at ASU
Co-Director, Cosmology Initiative
Foundation Professor
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Offic[redacted], Assistant[redacted]
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origins.asu.edu | twitter.com/lkrauss1 | krauss.faculty.asu.edu

<DA866543-7401-4A5A-8E50-FD32E33A50EC.png>

On Dec 10, 2017, at 9:53 PM, Lawrence Krauss[redacted] wrote:

First draft:

It is hard to know how to respond to a list of false and/or distorted allegations, along with misleading statements on your part. Needless to say, I treat people I interact with with respect, and I work hard to support and mentor students, colleagues, and members of the general public. I do not sexually harass people. If the purpose of your reporting is to somehow argue that that Universities and other institutions are lax in dealing with well known individuals like myself, then in fact the situation is quite the opposite. My high public profile opens me up to more scrutiny at these institutions, not less, and it also opens me up to a host of outside complaints and allegations that other faculty do not receive, each of which the University has to respond to. The fact that I have remained a professor in all Universities with which I have been associated, in good standing, and also an officer or an invited speaker at organizations like CFI, which have strict harassment policies, is a confirmation of the fact that they trust my behavior. I was asked to be an honorary director of CFI, and invited to their last 3 meetings to speak, specifically because, as they have written me after the fact, the attendees universally appreciated my talks, my courtesy, and graciousness in spending time with the attendees. If the purpose of your report is to impugn my integrity or suggest I have a history of harassment, that too is false. As noted in one of your 'miscellaneous facts', as a scientist I try and remain skeptical, and rely on empirical evidence, rather than allegations and innuendo. I also try and judge the facts in context. The fact that Universities and other organizations employ me or have me on their boards, or invite me to meetings is because they value my contributions and my actions.

Your specific allegations are false or distorted. Item 1 refers to a consensual encounter in my hotel room in 2006 where we mutually decided, in a polite discussion in fact, that taking it any further would not be appropriate, and had respectful encounters afterwards. I cannot comment on item 3, which involves an anonymous 3rd party claim, because I know nothing about it, and it was not taken seriously enough to result in any university action. Item 4 is confusing. Are you saying that because I decided I didn't want to go out to a bar with a group of attendees that I was harassing them? The second part is false. I don't do that. Re incident 5: The 'female companion' in this case is my wife, who can attest to the fact that the claim is false, which is what I wrote in response to the blog in question, causing it to be taken down.

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"It is the University's understanding that a complaint was lodged directly to the conference organisers at the time of the incident."

After the investigation, the final report absolved me of any wrongdoing, and indicated information inconsistent with the original claim and apparent later claims as follows:

"The allegations were made by an observer to the incident.
- The complaint did not identify, nor disclose the identity of the conference attendee who was allegedly touched in an unwelcome manner.
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What makes this particular type of allegation so repugnant is that I get asked for literally thousands of selfies, and when people come up to me they are vulnerable, often shaking, and sometimes overly aggressive. I am particularly proud of the way I attempt to make all people feel at ease, and respected, rather than humiliated. Thus, this false claim strikes at the heart of what I am about, which is to acknowledge fans in a way that makes them feel appreciated. As I understand you had a reporter watching me sign books and take selfies at the CFI conference in Las Vegas this year, that behavior is what they will have witnessed. Moreover, I am proud of the interactions I have had at both Case and ASU, with students, colleagues and staff. I have had numerous female graduate students, postdocs, employees, and colleagues, and as ASU attested to you, none of these have ever complained of harassment. Quite the contrary in fact, as I have worked hard to support them, mentor them, and treat them with respect. I treat others as responsible adults, and I expect to be treated equally.

Begin forwarded message:

From: Peter Aldhous[redacted]
Subject: URGENT: BuzzFeed News inquiry re allegations of sexual harassment
Date: December 10, 2017 at 5:12:27 PM PST
To: [redacted] [redacted]

Dr. Krauss:

As you know, I'm a reporter for BuzzFeed News who has been investigating sexual misconduct allegations against you. As we've already discussed by email, I'd very much like to interview you about these allegations in detail.

In particular, you stated in an email sent on Nov 13 that two universities had investigated an incident (# 6 below). You claimed that "both Universities independently concluded that the report was unsubstantiated and fabricated with malicious intent." We are not aware that either university concluded fabrication or malicious intent, so if you have evidence to support this assertion, we would like to see and discuss it.

The story concerns your actions towards students while a professor of physics at Case Western Reserve University, as well as your conduct in non-academic settings as a prominent figure in the skeptics movement. I am reporting this story along with two of my colleagues on the science desk, Azeen Ghorayshi and Virginia Hughes.

Our story is about several allegations of sexual misconduct dating from 2006 to 2016 (see full details below). Our reporting also goes into how the various institutions you have been affiliated with — Case Western, Arizona State University, the Australian National University, the New College of the Humanities, and the Center for Inquiry, for which you serve as an honorary member of the board of directors — have handled complaints and concerns about your behavior during this time.

Our story is corroborated by emails, university documents, official complaints, testimony from victims and eyewitnesses, and interviews with more than two dozen of your current and former academic colleagues, students, and peers in the skeptics movement.

I wanted to offer you the opportunity to comment and/or respond to the main facts we plan to publish. If you wish to comment on any of the below findings, we need to hear from you as soon as possible. **We are planning on publishing our story Tuesday morning, Eastern US Time.**

Based on our reporting, this is what we plan to publish:

Incident 1:

- In November of 2006, at an event launching the new Center for Inquiry in Washington D.C., you met a volunteer for CFI D.C.
- At the event, you asked for her business card. Later, you followed her as she was leaving and asked her if she was "of age."
- Later, you emailed her to invite her to dinner.
- You planned to dine with her in the restaurant at the Washington D.C. hotel where you were staying.
- You told her to come up to your room first because you needed to finish some work.
- In your hotel room, you seemed in no rush to leave. You ordered a cheese plate, and later champagne, despite her suggestion that you go down to dinner.
- You then made a comment about her eye makeup, getting very close to her face.
- You then lifted her by her arms, and pushed her onto the bed beneath you, forcibly kissing her and trying to pull down the crotch of her tights.
- She struggled to push you off her.
- You said, "When I was in college I could never get a girl that looked like you."

- When you pulled out a condom, she got out from under you. She said “I have to go,” and rushed out of the room.

Incident 2:

- In an incident that occurred in fall of 2007 while you were a physics professor at Case Western Reserve University, a student tried to talk to you about her plans after graduation. You mentioned to her how tough it must be to have all the other physics majors asking her out on dates.
- In a second incident in December of 2007, while you were still at Case Western, the same student visited your office to interview you for a student science journal. You closed the door behind her, and ignored the questions she had prepared. Then you made a casual comment about taking her out for dinner.
- Later, in a regular column for the school paper, she described her experiences with you, without mentioning you by name. “There was even one particular creep of a professor who once told me he thought differently of me compared to other students and asked me to dinner: a situation so disturbing that it left me upset for weeks afterward,” she wrote.
- She was then approached by a dean at the university, who suspected that she was referring to you, based on a previously reported incident with another student. He encouraged her to make a complaint, and she did.
- University investigators interviewed both you and the student.
- On September 4, 2008, Susan Nickel-Schindewolf, the university’s associate vice president for student affairs, wrote to the student, telling her that the investigation was complete. She wrote that you had been told: “This type of behavior could constitute sexual harassment in violation of the university’s sexual harassment policy.”
- The letter also stated that you were prohibited from making contact with the student as long as she remained at Case.
- The letter also stated that you are required to get approval from the dean or the chair of the physics department before setting foot on the campus again.
- The letter also stated, “Dr. Krauss expressed regret about having a negative impact on you, and also his willingness to use this complaint as an opportunity to reflect and improve on his future interactions with students.”
- By then, you had already left Case, taking up your current position at Arizona State University the month before.
- “The opportunities being offered at ASU are simply too great to turn down at this stage in my career,” you told Case colleagues, in an email announcing your departure on April 16, 2008.

Incident 3:

- A former Case Western physics department administrator confirmed that she had reported a previous incident involving a student who had confided in her about your inappropriate behavior towards her.

Incident 4:

- You met a student from another university, an atheist activist, in March 2008 at the American Atheists Convention in Minneapolis. She wanted to expand the atheist group she ran at the midwestern university she was attending, and hoped to convince you to come and speak. You initially seemed enthusiastic.
- During the convention, attendees including you and Richard Dawkins went for dinner with the student and volunteers for Dawkins’ foundation.
- Afterwards, the student invited you to join the volunteers for a drink.
- You asked her to come get you in your hotel room. She was wary of your intentions, and so brought a male friend with her. Opening the door to find them both there, you informed her you had decided not to go.
- You met this student again at the American Atheists Convention in Des Moines, Iowa, in April 2011.

- You pulled over a chair for her in the bar, and then started running your hand up her leg under the table.
- She tried to shift her body away from you, and you persisted in putting your hand on her leg. She crossed her legs, and you kept trying. Then she turned her entire body away.

Incident 5:

- This incident allegedly occurred on in May 2011 on a CFI cruise. We understand that CFI staff were informed that you had propositioned a female cruise-goer, who rejected an invitation to join you and your female companion for sex in your cabin.
- At least two CFI staffers were sufficiently concerned about reports of your behavior that they urged CFI's president not to invite you on a 2014 cruise of the Galápagos Islands. You were invited on that cruise, however.

Incident 6:

- During a visit to Melbourne, Australia, in November 2016, you were accused of sexual misconduct once again.
- The incident happened at a dinner held at the Melbourne Zoo as part of the Australian Skeptics National Convention, where you were a featured speaker.
- With conference delegates chatting over drinks, a woman asked you for a celebrity selfie.
- As the woman held out her phone to take the picture, you reached over her shoulder and grabbed her right breast.
- She immediately reacted, bodychecking you and spinning around. "Don't do that," she said.
- BuzzFeed News has seen the complaint made by another woman to ASU, ANU, and the New College of the Humanities in London, including the selfie, her face obscured to conceal her identity. It shows your hand in motion as a blur in front of her shoulder, apparently moving toward her chest. Two other eyewitnesses have confirmed the complainant's account of what happened.
- In April 2017, the complainant described the incident on her blog. After hearing more about your reputation for inappropriate behavior from blog readers, she decided to file a complaint about the Nov. 2016 incident.
- On July 16, she filed formal complaints with Arizona State University, and with the Australian National University in Canberra and the New College of the Humanities in London, where you have visiting appointments.
- Both Arizona State and the Australian National University told her they would look into the matter. But neither university found against you.
- "Based on the material available to the University, we do not have sufficient evidence to substantiate the allegations," Kiaran Kirk, dean of the College of Science at the Australian National University, wrote to her.
- Erin Ellison, who heads Arizona State's Office of Equity & Inclusion, wrote to her explaining that an inquiry "did not find a violation of university policy."
- In October, Arizona State denied a request from BuzzFeed News for documents relating to complaints of sexual harassment against you. However, Cynthia Jewett, the university's senior associate general counsel, noted that **two** individuals, neither affiliated with the university, had complained about you. "The University did not find either communication to state a credible allegation," Jewett wrote.

Miscellaneous facts:

- In 2008, you founded the Origins Project at Arizona State University in Tempe, a multidisciplinary effort to understand the origins of the universe, life, and social systems. You have led that effort ever since.
- Thanks to best-selling books like *The Physics of Star Trek* and *A Universe From Nothing*, frequent essays in publications including the New Yorker and the New York Times, and the documentary you made

with biologist Richard Dawkins, called *The Unbelievers*, you are celebrated as one of America's leading public intellectuals.

- You served on the science policy committee for Barack Obama's 2008 presidential campaign and are a vocal critic of President Donald Trump.
- You also make regular public appearances across the world, often at gatherings of skeptics and atheists.
- At CSICon in Las Vegas in October, a few dozen fans paid $500 per head to attend a VIP luncheon with you and Dawkins.
- Many more lined up to get you to sign their copy of your latest book, *The Greatest Story Ever Told — So Far*.
- Online, people can buy T-shirts emblazoned "Lawrence Krauss for President."
- In talks and interviews, you have argued that our universe arose without divine intervention, that religion drives xenophobia, and that our brains are hardwired to believe.
- You have stated that science provides answers to many of life's biggest questions, and can even fix great societal injustices.
- Earlier this year, at a Q&A event to promote your new book, the conversation came around to the dearth of women and minorities in science. "Science itself overcomes misogyny and prejudice and bias," you said. "It's built in: Questioning yourself, always questioning results, questioning others, relying on empirical evidence."
- You have clashed with some skeptics over your defense of Jeffrey Epstein, a billionaire financier who in 2008 was convicted for soliciting prostitution from underage girls, and spent 13 months in a Florida jail.
- Through his private foundation, Epstein has funded the work of several prominent scientists. He has provided funding for your Origins Project, supporting lectureship and scholarship programs, most recently pledging $100,000 in 2014.
- In April 2011, you told the Daily Beast: "As a scientist I always judge things on empirical evidence and he always has women ages 19 to 23 around him, but I've never seen anything else, so as a scientist, my presumption is that whatever the problems were I would believe him over other people."
- In a blog comment about the Epstein controversy, you wrote: "I remain skeptical, and I support a man whose character I believe I know...If you want to condemn me for that, so be it."
- You were made an honorary member of CFI's board of directors in December 2011.
- A blog post published in August 2013 described incidents #1 and #4, naming you. Another post, published at around the same time, described incident #5.
- The first post was edited to remove your name after you had commented that the allegations of assault were "potentially illegal." The second post was quickly taken down.

Again, if you wish to comment on or clarify any of these points, please get in touch with us as soon as possible. If I do not respond immediately it is because I am on another call, so please leave the best phone number to reach you.

Thanks,
Peter Aldhous
[redacted]

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please note

The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of
JEE
Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to jeevacation@gmail.com, and destroy this communication and all copies thereof, including all attachments. copyright -all rights reserved

Lawrence M. Krauss
Director, The Origins Project at ASU
Co-Director, Cosmology Initiative
Foundation Professor
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Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office [redacted] | Assistant [redacted]
Origins Office [redacted]
[redacted] | twitter.com/lkrauss1 | krauss.faculty.asu.edu

ASU Origins Project
Arizona State University

From: jeffrey E. [jeevacation@gmail.com]
Sent: 12/11/2017 11:18:58 AM
To: Lawrence Krauss [redacted]
Subject: Re: URGENT: BuzzFeed News inquiry re allegations of sexual harassment
Attachments: DA866543-7401-4A5A-8E50-FD32E33A50EC.png

Importance: High

normaly thier strategy will be to take back your defense to the accusers. and attack each one. if they find you are right they will leave out. and only go with the conflicted. I think you should include short concise cover letter. that you would like published in it entirety. it can refence your attacjment that you will put on your web site? . that goes into more details but in general , these are false. they were either investigated and found lacking or ignored. etc. often they throw out the near publishing date merely to get you to ansser.

On Mon, Dec 11, 2017 at 7:53 AM, Lawrence Krauss [redacted] wrote:

a few more minor changes.. one in first line of second paragraph and one misspelling corrected..so you can read this one:

Lawrence M. Krauss
Director, The Origins Project at ASU
Co-Director, Cosmology Initiative
Foundation Professor
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office [redacted] Assistant [redacted]
Origins Office [redacted]
[redacted]
origins.asu.edu | **twitter.com/lkrauss1** | **krauss.faculty.asu.edu**

ASU Origins PROJECT
ARIZONA STATE UNIVERSITY

On Dec 10, 2017, at 10:31 PM, Lawrence Krauss [redacted] wrote:

Second Draft:

I appreciate the opportunity to respond to your email. While I am running the risk that you will report my comments, if you do, either out of context, or incompletely, I am responding with an effort to be complete. It is hard to know how to respond to a list of false and/or distorted allegations, along with misleading statements on your part. I treat people I interact with with respect, and I work hard to support and mentor students, colleagues, and members of the general public. I do not sexually harass people. If the purpose of your reporting is to somehow argue that Universities and other institutions are lax in dealing with well known individuals like myself, then in fact the situation is quite the opposite. My high public profile opens me up to more scrutiny at these institutions, not less, and it also opens me up to a host of outside complaints and allegations that other faculty do not receive, each of which the University has to respond to. The fact that I have remained a professor in all Universities with which I have been associated, in good standing, and also an officer or an invited speaker at organizations like CFI, which have strict harassment policies, is a confirmation of the fact that they trust my behavior. I was asked to be an honorary director of CFI, and invited to their last 3 meetings to speak, specifically because, as they have written me after the fact, the attendees universally appreciated my talks, my courtesy, and graciousness in spending time with the attendees. If the purpose of your report is to impugn my integrity or suggest I have a history of harassment, that too is false. As noted in one of your 'miscellaneous facts', as a scientist I try and remain skeptical, and rely on empirical evidence, rather than allegations and innuendo. I also try and judge the facts in context. The fact that Universities and other organizations employ me or have me on their boards, or invite me to meetings is because they value my contributions and my actions.

The items you list are false or distorted. Item 1 refers falsely and inaccurately to a consensual encounter in my hotel room in 2006 where we mutually decided, in a polite discussion in fact, that taking it any further would not be appropriate, and there were respectful and platonic encounters afterwards. There is nothing to comment on in item 3, which involves an anonymous 3rd party claim because I know nothing about it, there are no details provided, and it clearly was not taken seriously enough to result in any university action. Item 4 is confusing. Are you saying that because I decided I didn't want to go out to a bar with a group of attendees that I was harassing them? The second part did not happen. Re incident 5: The 'female companion' in this case is my wife, who can attest to the fact that the claim is false, which is what I wrote at the time in response to the blog in question, causing it to be taken down.

It is worth responding to Item 2 and 6 in more detail,

Re item 2: the student in question was interested in science communication, and on dozens of occasions came to me or wrote to me with questions. When she asked about advice for after graduation I DID tell her she was different than the other students in her year. The rest of them were interested in going on to graduate school, but she was interested in science communication so I told her that she might want to take a different path. Since she was the only woman in her year, as I recall, I did ask her on one of these occasions if that made it difficult for her in any way. I asked, because as a faculty member I was interested in knowing what we could do, if necessary to encourage more women to go into physics, and also because as someone she had asked for career advice from I wanted to know if that made a difference to her. Re asking her for dinner.. I have gone back over emails from that period. I have numerous requests from her asking me to go for coffee to talk, which I usually had to turn down because I was busy, and on several occasions sh specifically asked me to have coffee with her off campus to talk, and I politely declined. I did let her accompany me off campus one time to watch me do a BBC interview because she specifically requested it. I did and do have coffee and meals with students on campus, and I see nothing wrong with this. I try to treat even students as respected colleagues if possible. I was shocked when I later learned of the complaint she was apparently asked to lodge to the University, not least because there was no inappropriate interaction and also because, well after the dates you listed on which she was apparently offended, she continued to email me with joking questions or comments. Also, at a later AAAS conference, again in 2008, for which she had asked, and for which I had written her a letter of recommendation to attend, my wife and I gave her a lift in our taxi well out out of our way in order to drop her off at her hotel, and I note in an email response to her email about the conference, agin in 2008, I expressed that I would pass her regards along to my wife and vice versa. When the University later informed me of the complaint I was shocked and concerned. When I spoke to the human resources person, including relating my concerns and providing the emails in question, I was told that no formal complaint of sexual harassment was deemed at that time to be called for, and that the young woman in question had agreed to that. By that time I learned of the complaint I had already announced my intentions to leave Case to accept an offer at ASU—a very difficult decision for me because of my long-standing attachment to the University, and the excellent relations I had with my colleagues there, both among the faculty and among the administration. Because I was already in Arizona at the time I was asked not to have any further interaction with the student I agreed to that request, both to respect her sensitivities and also because it was basically moot because I was not on campus. I was also told that because it was being handled informally, that (a) it should remain confidential, which I, at least abided by, and (b) if no further complaints were lodged in that case, that the University would remove the complaint from my record after 5 years, which makes me surprised that someone violated that written agreement with you.

Re item 6: You report on ASU's response to item #6 , without including the fact that the University specifically stated there were never any allegations of sexual misconduct or harassment by me at the University, and morever the outside complaints were in fact related specifically to your item #6. Further you neglect to mention that this complaint was by an anonymous third party, not the individual who was allegedly harassed, who never lodged a complaint, and that no specific evidence was provided of the alleged transgression. I was surprised and dismayed that both ASU and ANU launched investigations on the basis of this but was told by both Universities that because of my high profile even such unsubstantiated third party complaints at private events unrelated to the University would be investigated. The complaint was investigated throughly by both ASU and ANU and both came to the conclusion that it was not credible and no university policies had been violated. . In addition ANU's investigation, which took a full month found significant inconsistencies in the allegation, suggesting distortion and fabrication, I will quote from the ANU report. The initial complaint, which in fact resulted in a temporary suspension of my position at ANU, until it was dismissed, outlined the claim you made in the words you quoted in your note to me, but it also stated

"It is the University's understanding that a complaint was lodged directly to the conference organisers at the time of the incident."

After the month-long investigation, during which I was told I was not to interact with anyone on campus (again moot because I was a hemisphere removed) the final report absolved me of any wrongdoing, and indicated information inconsistent with the original claim and apparent later claims as follows in the report, from which I quote:

"The allegations were made by an observer to the incident.
- The complaint did not identify, nor disclose the identity of the conference attendee who was allegedly touched in an unwelcome manner.
- The conference attendee who took the 'selfie' photo did not lodge a formal complaint to the conference organisers at the time of the incident (November 2016).
- The conference attendee who witnessed the incident, did not lodge a formal complaint to the conference organisers at the time of the incident (November 2016).
The photo submitted as part of the complaint does not provide evidence of any physical contact.
- The complainant alleged that a photo exists, showing your hand on the breast of the conference attendee who took the 'selfie' photo. This photo was not made available to the Australian National University, although it was requested in the course of the investigation."

(And for the record I often put my hand up in front of a camera if there is a flash, as I specifically request selfies not to include flashes, so that I don't end up with a series bright spots in front of my eyes for the next half hour)

What makes this particular type of allegation so repugnant is that I get asked for literally thousands of selfies, and when people come up to me they are vulnerable, often shaking, and sometimes overly aggressive. I am particularly proud of the way I attempt to make all people feel at ease, and respected, rather than humiliated. Thus, this false claim strikes at the heart of what I am about, which is to acknowledge fans in a way that makes them feel appreciated. As I understand you had a reporter watching me sign books and take selfies at the CFI conference in Las Vegas this year, that behavior is what they will have witnessed. Moreover, I am proud of the interactions I have had at both Case and ASU, with students, colleagues and staff of all genders and ethnicities. I have worked hard to support them, mentor them, and treat them with respect. I treat others as responsible adults, and I expect to be treated equally.

Lawrence M. Krauss
Director, The Origins Project at ASU
Co-Director, Cosmology Initiative
Foundation Professor
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: [redacted] Assistant [redacted]
Origins Office [redacted]
[redacted]
origins.asu.edu | twitter.com/lkrauss1 | krauss.faculty.asu.edu

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On Dec 10, 2017, at 9:53 PM, Lawrence Krauss [redacted] wrote:

First draft:

It is hard to know how to respond to a list of false and/or distorted allegations, along with misleading statements on your part. Needless to say, I treat people I interact with with respect, and I work hard to support and mentor students, colleagues, and members of the general public. I do not sexually harass people. If the purpose of your reporting is to somehow argue that that Universities and other institutions are lax in dealing with well known individuals like myself, then in fact the situation is quite the opposite. My high public profile opens me up to more scrutiny at these institutions, not less, and it also opens me up to a host of outside complaints and allegations that other faculty do not receive, each of which the University has to respond to. The fact that I have remained a professor in all Universities with which I have been associated, in good standing, and also an officer or an invited speaker at organizations like CFI, which have strict harassment policies, is a confirmation of the fact that they trust my behavior. I was asked to be an honorary director of CFI, and invited to their last 3 meetings to speak, specifically because, as they have written me after the fact, the attendees universally appreciated my talks, my courtesy, and graciousness in spending time with the attendees. If the purpose of your report is to impugn my integrity or suggest I have a history of harassment, that too is false. As noted in one of your 'miscellaneous facts', as a scientist I try and remain skeptical, and rely on empirical evidence, rather than allegations and innuendo. I also try and judge the facts in context. The fact that Universities and other organizations employ me or have me on their boards, or invite me to meetings is because they value my contributions and my actions.

Your specific allegations are false or distorted. Item 1 refers to a consensual encounter in my hotel room in 2006 where we mutually decided, in a polite discussion in fact, that taking it any further would not be appropriate, and had respectful encounters afterwards. I cannot comment on item 3, which involves an anonymous 3rd party claim, because I know nothing about it, and it was not taken seriously enough to result in any university action. Item 4 is confusing. Are you saying that because I decided I didn't want to go out to a bar with a group of attendees that I was harassing them? The second part is false. I don't do that. Re incident 5: The 'female companion' in this case is my wife, who can attest to the fact that the claim is false, which is what I wrote in response to the blog in question, causing it to be taken down.

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"It is the University's understanding that a complaint was lodged directly to the conference organisers at the time of the incident."

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What makes this particular type of allegation so repugnant is that I get asked for literally thousands of selfies, and when people come up to me they are vulnerable, often shaking, and sometimes overly aggressive. I am particularly proud of the way I attempt to make all people feel at ease, and respected, rather than humiliated. Thus, this false claim strikes at the heart of what I am about, which is to acknowledge fans in a way that makes them feel appreciated. As I understand you had a reporter watching me sign books and take selfies at the CFI conference in Las Vegas this year, that behavior is what they will have witnessed. Moreover, I am proud of the interactions I have had at both Case and ASU, with students, colleagues and staff. I have had numerous female graduate students, postdocs, employees, and colleagues, and as ASU attested to you, none of these have ever complained of harassment. Quite the contrary in fact, as I have worked hard to support them, mentor them, and treat them with respect. I treat others as responsible adults, and I expect to be treated equally.

Begin forwarded message:

From: Peter Aldhous <[redacted]
Subject: URGENT: BuzzFeed News inquiry re allegations of sexual harassment
Date: December 10, 2017 at 5:12:27 PM PST
To: [redacted]

Dr. Krauss:

As you know, I'm a reporter for BuzzFeed News who has been investigating sexual misconduct allegations against you. As we've already discussed by email, I'd very much like to interview you about these allegations in detail.

In particular, you stated in an email sent on Nov 13 that two universities had investigated an incident (# 6 below). You claimed that "both Universities independently concluded that the report was unsubstantiated and fabricated with malicious intent." We are not aware that either university concluded fabrication or malicious intent, so if you have evidence to support this assertion, we would like to see and discuss it.

The story concerns your actions towards students while a professor of physics at Case Western Reserve University, as well as your conduct in non-academic settings as a prominent figure in the skeptics movement. I am reporting this story along with two of my colleagues on the science desk, Azeen Ghorayshi and Virginia Hughes.

Our story is about several allegations of sexual misconduct dating from 2006 to 2016 (see full details below). Our reporting also goes into how the various institutions you have been affiliated with — Case Western, Arizona State University, the Australian National University, the New College of the Humanities, and the Center for Inquiry, for which you serve as an honorary member of the board of directors — have handled complaints and concerns about your behavior during this time.

Our story is corroborated by emails, university documents, official complaints, testimony from victims and eyewitnesses, and interviews with more than two dozen of your current and former academic colleagues, students, and peers in the skeptics movement.

I wanted to offer you the opportunity to comment and/or respond to the main facts we plan to publish. If you wish to comment on any of the below findings, we need to hear from you as soon as possible. **We are planning on publishing our story Tuesday morning, Eastern US Time.**

Based on our reporting, this is what we plan to publish:

Incident 1:

- In November of 2006, at an event launching the new Center for Inquiry in Washington D.C., you met a volunteer for CFI D.C.
- At the event, you asked for her business card. Later, you followed her as she was leaving and asked her if she was "of age."
- Later, you emailed her to invite her to dinner.
- You planned to dine with her in the restaurant at the Washington D.C. hotel where you were staying.
- You told her to come up to your room first because you needed to finish some work.
- In your hotel room, you seemed in no rush to leave. You ordered a cheese plate, and later champagne, despite her suggestion that you go down to dinner.
- You then made a comment about her eye makeup, getting very close to her face.
- You then lifted her by her arms, and pushed her onto the bed beneath you, forcibly kissing her and trying to pull down the crotch of her tights.
- She struggled to push you off her.
- You said, "When I was in college I could never get a girl that looked like you."
- When you pulled out a condom, she got out from under you. She said "I have to go," and rushed out of the room.

Incident 2:

- In an incident that occurred in fall of 2007 while you were a physics professor at Case Western Reserve University, a student tried to talk to you about her plans after graduation. You mentioned to her how tough it must be to have all the other physics majors asking her out on dates.
- In a second incident in December of 2007, while you were still at Case Western, the same student visited your office to interview you for a student science journal. You closed the door behind her, and ignored the questions she had prepared. Then you made a casual comment about taking her out for dinner.

- Later, in a regular column for the school paper, she described her experiences with you, without mentioning you by name. "There was even one particular creep of a professor who once told me he thought differently of me compared to other students and asked me to dinner: a situation so disturbing that it left me upset for weeks afterward," she wrote.
- She was then approached by a dean at the university, who suspected that she was referring to you, based on a previously reported incident with another student. He encouraged her to make a complaint, and she did.
- University investigators interviewed both you and the student.
- On September 4, 2008, Susan Nickel-Schindewolf, the university's associate vice president for student affairs, wrote to the student, telling her that the investigation was complete. She wrote that you had been told: "This type of behavior could constitute sexual harassment in violation of the university's sexual harassment policy."
- The letter also stated that you were prohibited from making contact with the student as long as she remained at Case.
- The letter also stated that you are required to get approval from the dean or the chair of the physics department before setting foot on the campus again.
- The letter also stated, "Dr. Krauss expressed regret about having a negative impact on you, and also his willingness to use this complaint as an opportunity to reflect and improve on his future interactions with students."
- By then, you had already left Case, taking up your current position at Arizona State University the month before.
- "The opportunities being offered at ASU are simply too great to turn down at this stage in my career," you told Case colleagues, in an email announcing your departure on April 16, 2008.

Incident 3:

- A former Case Western physics department administrator confirmed that she had reported a previous incident involving a student who had confided in her about your inappropriate behavior towards her.

Incident 4:

- You met a student from another university, an atheist activist, in March 2008 at the American Atheists Convention in Minneapolis. She wanted to expand the atheist group she ran at the midwestern university she was attending, and hoped to convince you to come and speak. You initially seemed enthusiastic.
- During the convention, attendees including you and Richard Dawkins went for dinner with the student and volunteers for Dawkins' foundation.
- Afterwards, the student invited you to join the volunteers for a drink.
- You asked her to come get you in your hotel room. She was wary of your intentions, and so brought a male friend with her. Opening the door to find them both there, you informed her you had decided not to go.
- You met this student again at the American Atheists Convention in Des Moines, Iowa, in April 2011.
- You pulled over a chair for her in the bar, and then started running your hand up her leg under the table.
- She tried to shift her body away from you, and you persisted in putting your hand on her leg. She crossed her legs, and you kept trying. Then she turned her entire body away.

Incident 5:

- This incident allegedly occurred on in May 2011 on a CFI cruise. We understand that CFI staff were informed that you had propositioned a female cruise-goer, who rejected an invitation to join you and your female companion for sex in your cabin.

- At least two CFI staffers were sufficiently concerned about reports of your behavior that they urged CFI's president not to invite you on a 2014 cruise of the Galápagos Islands. You were invited on that cruise, however.

Incident 6:

- During a visit to Melbourne, Australia, in November 2016, you were accused of sexual misconduct once again.
- The incident happened at a dinner held at the Melbourne Zoo as part of the Australian Skeptics National Convention, where you were a featured speaker.
- With conference delegates chatting over drinks, a woman asked you for a celebrity selfie.
- As the woman held out her phone to take the picture, you reached over her shoulder and grabbed her right breast.
- She immediately reacted, bodychecking you and spinning around. "Don't do that," she said.
- BuzzFeed News has seen the complaint made by another woman to ASU, ANU, and the New College of the Humanities in London, including the selfie, her face obscured to conceal her identity. It shows your hand in motion as a blur in front of her shoulder, apparently moving toward her chest. Two other eyewitnesses have confirmed the complainant's account of what happened.
- In April 2017, the complainant described the incident on her blog. After hearing more about your reputation for inappropriate behavior from blog readers, she decided to file a complaint about the Nov. 2016 incident.
- On July 16, she filed formal complaints with Arizona State University, and with the Australian National University in Canberra and the New College of the Humanities in London, where you have visiting appointments.
- Both Arizona State and the Australian National University told her they would look into the matter. But neither university found against you.
- "Based on the material available to the University, we do not have sufficient evidence to substantiate the allegations," Kiaran Kirk, dean of the College of Science at the Australian National University, wrote to her.
- Erin Ellison, who heads Arizona State's Office of Equity & Inclusion, wrote to her explaining that an inquiry "did not find a violation of university policy."
- In October, Arizona State denied a request from BuzzFeed News for documents relating to complaints of sexual harassment against you. However, Cynthia Jewett, the university's senior associate general counsel, noted that **two** individuals, neither affiliated with the university, had complained about you. "The University did not find either communication to state a credible allegation," Jewett wrote.

Miscellaneous facts:

- In 2008, you founded the Origins Project at Arizona State University in Tempe, a multidisciplinary effort to understand the origins of the universe, life, and social systems. You have led that effort ever since.
- Thanks to best-selling books like *The Physics of Star Trek* and *A Universe From Nothing*, frequent essays in publications including the New Yorker and the New York Times, and the documentary you made with biologist Richard Dawkins, called *The Unbelievers*, you are celebrated as one of America's leading public intellectuals.
- You served on the science policy committee for Barack Obama's 2008 presidential campaign and are a vocal critic of President Donald Trump.
- You also make regular public appearances across the world, often at gatherings of skeptics and atheists.
- At CSICon in Las Vegas in October, a few dozen fans paid $500 per head to attend a VIP luncheon with you and Dawkins.
- Many more lined up to get you to sign their copy of your latest book, *The Greatest Story Ever Told — So Far*.

- Online, people can buy T-shirts emblazoned "Lawrence Krauss for President."
- In talks and interviews, you have argued that our universe arose without divine intervention, that religion drives xenophobia, and that our brains are hardwired to believe.
- You have stated that science provides answers to many of life's biggest questions, and can even fix great societal injustices.
- Earlier this year, at a Q&A event to promote your new book, the conversation came around to the dearth of women and minorities in science. "Science itself overcomes misogyny and prejudice and bias," you said. "It's built in: Questioning yourself, always questioning results, questioning others, relying on empirical evidence."
- You have clashed with some skeptics over your defense of Jeffrey Epstein, a billionaire financier who in 2008 was convicted for soliciting prostitution from underage girls, and spent 13 months in a Florida jail.
- Through his private foundation, Epstein has funded the work of several prominent scientists. He has provided funding for your Origins Project, supporting lectureship and scholarship programs, most recently pledging $100,000 in 2014.
- In April 2011, you told the Daily Beast: "As a scientist I always judge things on empirical evidence and he always has women ages 19 to 23 around him, but I've never seen anything else, so as a scientist, my presumption is that whatever the problems were I would believe him over other people."
- In a blog comment about the Epstein controversy, you wrote: "I remain skeptical, and I support a man whose character I believe I know...If you want to condemn me for that, so be it."
- You were made an honorary member of CFI's board of directors in December 2011.
- A blog post published in August 2013 described incidents #1 and #4, naming you. Another post, published at around the same time, described incident #5.
- The first post was edited to remove your name after you had commented that the allegations of assault were "potentially illegal." The second post was quickly taken down.

Again, if you wish to comment on or clarify any of these points, please get in touch with us as soon as possible. If I do not respond immediately it is because I am on another call, so please leave the best phone number to reach you.

Thanks,
Peter Aldhous
[redacted]

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The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of
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Page 259 ~ Duplicate - serial 125;
Page 274 ~ b6; b7C;
Page 275 ~ b6; b7C;

Page 278 ~ b6; b7C;
Page 279 ~ b6; b7C;
Page 284 ~ b6; b7C;
Page 285 ~ b6; b7C;
Page 333 ~ OTHER - Sealed per Court Order 08-8068-LRJ;
Page 334 ~ OTHER - Sealed per Court Order 08-8068-LRJ;
Page 335 ~ OTHER - Sealed per Court Order 08-8068-LRJ;
Page 336 ~ OTHER - Sealed per Court Order 08-8068-LRJ;
Page 337 ~ OTHER - Sealed per Court Order 08-8068-LRJ;
Page 338 ~ OTHER - Sealed per Court Order 08-8068-LRJ;
Page 339 ~ b5; b6; b7C;
Page 340 ~ b5; b6; b7C;
Page 341 ~ b5; b6; b7C;
Page 342 ~ b5; b6; b7C;
Page 343 ~ b5; b6; b7C;
Page 344 ~ b5; b6; b7C;
Page 345 ~ b5; b6; b7C;
Page 346 ~ b5; b6; b7C;
Page 347 ~ b5; b6; b7C;
Page 348 ~ b5; b6; b7C;
Page 349 ~ b5; b6; b7C;
Page 350 ~ b5; b6; b7C;
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Page 353 ~ Duplicate - serial 159;
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Page 370 ~ Duplicate - serial 159;
Page 371 ~ Duplicate - serial 159;
Page 372 ~ Duplicate - serial 159;
Page 382 ~ b6; b7C;
Page 383 ~ b6; b7C;
Page 389 ~ b6; b7C;
Page 390 ~ b6; b7C;
Page 391 ~ b6; b7C;
Page 392 ~ b6; b7C;
Page 393 ~ Duplicate - serial 168;
Page 394 ~ Duplicate - serial 168;
Page 400 ~ b6; b7C;
Page 401 ~ b6; b7C;

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Automated Serial Permanent Charge-Out
FD-5a (1-5-94)

Date: 03/06/07 Time: 11:04

Case ID: 31E-MM-108062 Serial: 71

Description of Document:

Type : OTHER
Date : 02/02/06
To : [redacted] b3
From : MIAMI
Topic: EXECUTED FGJ SUBPOENA

Reason for Permanent Charge-Out:

transfer to subpoena sub

Transferred to:

Case ID: 31E-MM-108062-SBP Serial: 7

Employee: [redacted] b6 b7C

31E-MM-108062-71

FD-302 (Rev. 10-6-95)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 03/07/2007

[redacted] date of birth [redacted] Social Security Account Number [redacted] was interviewed at his place of employment, [redacted] Palm Beach Gardens, Florida, telephone [redacted] was advised of the identity of the interviewing agent and purpose of the interview. [redacted] voluntarily provided the following information: b6 b7C

[redacted] for Jeffrey Epstein on approximately [redacted] Epstein visited the [redacted] once and [redacted] traveled to Epstein's Palm Beach, Florida residence [redacted]

[redacted] Epstein's residence were conducted in [redacted] could not recall specific names of other individuals he encountered at Epstein's residence but advised that Epstein's [redacted] (name unknown) was present and [redacted] Massage Therapist [redacted]. Females in their mid-20's and unknown staff members were also observed at the residence during [redacted]

[redacted] telephone [redacted], performed massage therapy for Epstein and his staff members on numerous occasions. [redacted] was frequently requested based on her skills as a massage therapist. Fees were approximately $100.00 for a massage conducted [redacted] and $300.00 or higher [redacted].

[redacted] b3 b6 b7C

Investigation on 03/06/2007 at Palm Beach Gardens, Florida

File # 31E-MM-108062 Date dictated 03/07/2007

by SA [redacted] b6 b7C

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

31E-MM-108062-72

(Rev. 01-31-2003)

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE **Date:** 03/12/2007

To: Miami

From: Miami
PB2/PBCRA
Contact: SA [redacted]

Approved By: [redacted]

Drafted By: [redacted]

Case ID #: 31E-MM-108062 ~~(Pending)~~

Title: JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

Synopsis: To remove writer as co-case agent.

Details: Due to writer's transfer from the Miami Division, PBCRA, to FBIHQ, effective March 16, 2007, it is requested that writer be removed as co-case agent.

♦♦

[redacted] SA [redacted]
please remove
as co-case agent.
[redacted]
3/12/07

07[redacted]01.EC

31E-MM-108062-73

080[redacted]01.ec

(Rev. 01-31-2003)

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE **Date:** 03/21/2007

To: Tampa **Attn:** SSA [redacted]
Orlando RA

From: Miami
PB-2/PBCRA
Contact: SA [redacted]

Approved By [redacted]

Drafted By: [redacted]

Case ID #: 31E-MM-108062 ~~(Pending)~~

Title: JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

Synopsis: To request travel reference captioned matter.

(4) [redacted]

Administrative: Reference telcall between SA [redacted] and SSA [redacted] on 03/21/2007.

Details: On 07/24/2006 the Federal Bureau of Investigation (FBI), Palm Beach County Resident Agency (PBCRA), opened an investigation involving multi-millionaire Jeffrey Epstein and captioned subjects. The investigation involves numerous underage females who attended local high schools and were recruited for the purpose of engaging in sexual activity with Epstein. At the conclusion of the sexual activity, the minors were paid sums of money ranging from $200.00-$1,000.00.

FBI Miami, PBCRA, request travel concurrence with FBI Tampa, Orlando RA for the purpose of interviewing Victim/Witness [redacted] is currently residing in Orlando, Florida. SA's [redacted] and [redacted] will travel on 03/22/2007 to interview [redacted]

31E-MM-108062-74

LEAD(s):

Set Lead 1: (Info)

TAMPA

AT ORLANDO, FL

FBI Miami request travel concurrence from FBI Tampa to conduct victim/witness interview.

♦♦

HOUSE_OVERSIGHT_021442

FD-302 (Rev. 10-6-95)

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 01/23/2007

[redacted] was interviewed in the town of Palm Beach, Florida regarding a federal investigation involving the sexual exploitation of minors. After being advised of the identity of the interviewing agents and the nature of the interview, [redacted] provided the following information:

[redacted]

According to [redacted] would either have to contact [redacted] LNU located out of the New York Office or speak with [redacted] regarding matters that concerned

Investigation on 01/18/2007 at Palm Beach, Florida

File # 31E-MM-108062 Date dictated 01/18/2007

by SA [redacted]
SA

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31E-MM-108062-75

[redacted] compared [redacted] with a female companion of EPSTEIN, [redacted] LNU. [redacted] thought [redacted], but [redacted] LNU, a [redacted] was more naive. [redacted] said that EPSTEIN was trying to make [redacted] LNU more sophisticated.

[redacted] stated that there were many females that would come to the residence. A lot of the females that traveled with EPSTEIN looked European or Foreign. [redacted] stated that the local girls who visited the residence appeared to be younger than those that EPSTEIN traveled with. [redacted] was not sure of the local girls' ages. When asked by the interviewing agent if they were under eighteen, [redacted] stated that [redacted] a girl at Royal Palm Beach High School and that some of the girls had car pooled together. The interviewing agent inquired of [redacted] if that meant he believed some of the girls were underage. [redacted]

[redacted] stated that EPSTEIN [redacted] for a local female, [redacted] was unable to remember her name. The Unidentified Female (UF) was appearing in a high school [redacted] Royal Palm Beach High School. [redacted] said that under EPSTEIN's instruction, [redacted] for the UF. He said it [redacted]

[redacted] stated that he recalled one female that traveled with EPSTEIN that looked very young. He believed her name was [redacted] LNU and that she was from California. [redacted] remembered her only staying at the residence on that one occasion. [redacted] LNU [redacted] was instructed by EPSTEIN to take [redacted] LNU to [redacted]

[redacted] said that EPSTEIN overall was a very private individual. [redacted] said that EPSTEIN would get massages everyday, sometimes morning and night. [redacted] was asked on [redacted]

[redacted] specifically remembered paying a [redacted] LNU.

[redacted] did not witness any sexual activity between the females and EPSTEIN. When asked by the interviewing agent if [redacted] had ever [redacted] for EPSTEIN, [redacted] stated that he believed [redacted] but that he had not.

According to [redacted] other than receiving massages, EPSTEIN enjoyed getting ice cream from a local ice cream parlor with the girls. Under EPSTEIN's direction [redacted] would take the girls shopping. If EPSTEIN accompanied them he would stay in the vehicle. The girls would shop, find something they liked, place the items on hold, and later [redacted] purchase the items. [redacted] also had traveled to [redacted] stated that on occasion, EPSTEIN would allow some of the girls to drive one of his vehicles.

[redacted] stated that he had taken messages from females calling regarding providing massages to EPSTEIN. He also stated that an older female possibly in her thirties, named [redacted] LNU, would call the residence. [redacted] EPSTEIN know that she had females for him. [redacted] could provide no other information about [redacted] LNU.

[redacted] said that [redacted] traveled to the residence with EPSTEIN on occasion. [redacted] believed [redacted] to be EPSTEIN's girlfriend, at first. However, when other females accompanied EPSTEIN, [redacted] residence. [redacted] said that he thought [redacted] also would try to find females for EPSTEIN. On one occasion, [redacted]

[redacted] said that the only male visitor he could recall accompanying EPSTEIN to the residence was [redacted] believed [redacted]

[redacted] stated that he believed EPSTEIN wanted to be the center of attention with his female companions. [redacted] told the interviewing agents that [redacted] The females were laughing and appeared to be having a good time. EPSTEIN [redacted] asked the females to join him in [redacted] said that he believed EPSTEIN was jealous.

[redacted] also stated that he believed many of EPSTEIN's female companions were looking to make something of themselves and were seeking [redacted] stated that he believed, in reality, they were accomplishing nothing.

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 02/04/2007

[redacted] was interviewed in West Palm Beach, Florida regarding a federal investigation involving the sexual exploitation of minors. Also present during the interview was [redacted] and Assistant United States Attorney [redacted] of the UNITED STATES ATTORNEY'S OFFICE. After being advised of the identity of the interviewing agents and the nature of the interview, [redacted] provided the following information:

[redacted]

[redacted] EPSTEIN's Palm Beach residence. His responsibilities included [redacted]

According to [redacted] EPSTEIN traveled to Palm Beach via EPSTEIN's aircrafts, the Gulfstream or the Boeing 727. [redacted] was not aware of EPSTEIN ever flying a commercial airline to Palm Beach. EPSTEIN visited his residence in Palm Beach once, twice and sometimes even three times a month. EPSTEIN would stay for three or four days at a time. EPSTEIN traveled less to his Palm Beach residence in the summer months. EPSTEIN spent the most time at his Palm Beach and U.S. Virgin Islands residences. EPSTEIN has another residence in New Mexico and an apartment in Paris. [redacted] stated that EPSTEIN primarily traveled to Palm Beach [redacted] currently [redacted] said that [redacted] LNU. [redacted] said that [redacted] and

Investigation on 02/02/2007 at West Palm Beach, Florida

File # 31E-MM-108062 Date dictated 02/02/2007

by SA [redacted]

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31E-MM-108062-76

[redacted] the main house. According to [redacted] the main house has six bedrooms and the Guest House has three bedrooms. Another individual that would come on a regular basis to the residence was [redacted] believed that [redacted] EPSTEIN would, on occasion, bring other guests with him when traveling to Palm Beach.

[redacted] The signatures on the account were EPSTEIN, [redacted]

[redacted] was aware that many females would come to EPSTEIN's residence to provide EPSTEIN with massages. [redacted] stated that EPSTEIN would receive one or two massages a day, sometimes even three. The massage times would be spread throughout the day. [redacted] said that none of the females providing EPSTEIN with a massage ever appeared upset.

[redacted] stated that he believed EPSTEIN [redacted] arranged EPSTEIN's appointments for massages with the females. [redacted] said some of the females who provided massages to EPSTEIN would leave messages. Messages were taken on message pads.

On one occasion, when EPSTEIN [redacted] asked [redacted] to [redacted]

[redacted] stated that EPSTEIN has a chiropractic table, as well as, a massage table. [redacted]

b6
b7C

[redacted] said that [redacted] According to [redacted] not like the way [redacted] conducted himself. [redacted] continued stating that [redacted] could not remember to finish one task if he were asked to complete another task at or during the same time.

[redacted]

Pursuant to a Grand Jury Subpoena, [redacted] supplied the interviewing agents with a copy of [redacted] Upon review of the report with [redacted] he provided the following information:

b3
b6
b7C

[redacted]

[redacted] b3 b6 b7C

[redacted] b6 b7C

[redacted] the last time EPSTEIN was at the Palm Beach residence was prior to the execution of the State search warrant. [redacted] also said that approximately three weeks before the execution of the State search warrant [redacted] LNU came to the residence [redacted]

FD-302 (Rev. 10-6-95)

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 01/22/2007

[redacted] date of birth [redacted] Social Security Account Number (SSAN) [redacted] residing at [redacted] Palm Beach, Florida was contacted at his residence. After being advised of the identity of the interviewing agents and the nature of the interview, [redacted] provided the following information:

[redacted] was hired by Epstein through [redacted] primary responsibility [redacted]

[redacted] identified [redacted] LNU, and [redacted] LNU as [redacted] stated when a female guest arrived at the residence, [redacted] believed some of the girls were at the residence to provide Epstein with a massage. [redacted] remembered between 10-15 different local girls arriving at the residence. [redacted] recalled some girls were more frequent guests than others. [redacted] identified [redacted] LNU. The girls would stay at the residence between approximately 45-60 minutes. He recalled [redacted]

[redacted] contacted [redacted] telephone number [redacted] West Palm Beach, Florida.

Investigation on 01/11/2007 at Palm Beach, Florida

File # 31E-MM-108062 Date dictated

by SA [redacted] SA [redacted]

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31E-MM-108062-77

After a brief telephone conversation with [redacted] stated [redacted] would like to speak with one of the agents. SA [redacted] spoke briefly with [redacted] and explained the nature of visit. [redacted] agreed that [redacted] would voluntarily place the documents/reports in a sealed envelope and be escorted to [redacted] Voluntarily, [redacted] and the agents drove with the captioned records to [redacted] The envelope was hand delivered by [redacted] for the purpose of preserving the records.

FD-350 (Rev. 5-8-81)

Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)
1B / 8B / The Palm Beach Post
West Palm Beach, FL

Date: 3/13/2007

Delays in Epstein case unusual, lawyers say

A federal probe or a plea deal could explain the wait in the Palm Beacher's solicitation case.

By LARRY KELLER
Palm Beach Post Staff Writer

Nearly eight months after Palm Beach tycoon Jeffrey Epstein was charged with felony solicitation of prostitution, there has been no discernible progress in his case. No witnesses deposed. No trial date set. Nothing, save for routine court hearings reset without explanation.

"Usually that would be unusual," said criminal defense attorney Glenn Mitchell, who has no involvement in the case.

"As a general rule, it would be unusual for nothing to have happened," agreed Michael Dutko, a criminal defense attorney in Fort Lauderdale. He represents Haley Robson, 20, of Royal Palm Beach, potentially a key witness in the case.

A routine hearing for Epstein was pulled from the court docket last week and reset for May 16. The delays and inaction could be due to a potential federal probe of Epstein or because a plea deal is in the works, attorneys say.

Unusual is the word that best describes everything about the case against Epstein, 54, an enigmatic money manager in New York city who counts Bill Clinton

See EPSTEIN, 8B ▶

Delays in Epstein case unusual, lawyers say

Character or Classification: 31E-MM-108062

Submitting Office: MM

Indexing:

3/14/07

Epstein Money manager in New York has powerful allies.

FBI: 'We still have a pending case'

▶ EPSTEIN *from 1B*

and Donald Trump among his friends.

"Highly unusual" is how Palm Beach Police Chief Michael Reiter described State Attorney Barry Krischer's handling of the case in a bluntly critical letter to Krischer last year before Epstein was indicted.

Reiter referred the matter to the FBI to determine whether any federal laws had been violated. Epstein's allies countered by attacking the chief personally and professionally.

Reiter's department investigated Epstein for 11 months. Police sifted repeatedly through trash and cleaned up the mansion and his five-bedroom, 7¼-bath, 7224-square-foot home on the Intracoastal Waterway.

Police said Epstein paid women and girls as young as 14 to give him erotic massages at his home. Police thought there was probable cause to charge him with unlawful sex acts with a minor and lewd and lascivious molestation.

Epstein responded by hiring a phalanx of lawyers. One of them, Harvard law professor and author Alan Dershowitz, provided the state attorney's office with information about alcohol and marijuana use by some of the girls who said they were with Epstein.

Prosecutors then referred the case to the grand jury

Teenage girls were recruited to visit Epstein for massages and sex, police say.

rather than file charges directly against Epstein.

Epstein's attorneys deny he had sex with underage girls. The lawyers say the girls' stories are not credible. But if the court file is any indicator, they've made no effort to depose the girls.

Neither prosecutors nor defense attorneys have sought to question Robson, said Dutko, her attorney. She said Epstein massaged and sexual activity. Palm Beach police said, and presumably would be a key witness.

Epstein's attorney Jack Goldberger did not return phone messages.

A source close to the case suggested it is languishing pending a decision by the FBI on whether to refer it to federal prosecutors.

"We still have a pending case," FBI spokeswoman Judy Orihuela said Monday.

State Attorney Krischer did not return a call for comment. His spokesman, Mike Edmondson, declined to say whether federal investigators are delaying the Epstein case. But, he added, "if another agency is looking at something, we wouldn't want to step on their toes."

Attorneys say inertia in a criminal case often points to a pending plea deal.

"It would not surprise me if something has happened that's not reflected in the court file," said Dutko, such as an agreement that will be formalized later.

Defense attorney Marc Shiner said defense attorneys sometimes put off overtly conducting discovery — deposing witnesses, requesting documents and the like — because doing so creates more work for harried prosecutors who may become angry and not offer a plea deal.

"Sometimes defense lawyers, knowing that, will try and do discovery without taking depositions," said Shiner, a former prosecutor for 13 years.

Instead, they may conduct a below-the-radar probe such as having a private investigator check out leads, he said.

Shiner and others say a plea deal for Epstein probably would result in pretrial intervention, in which a defendant may be ordered to undergo a psychological evaluation, counseling or other conditions in return for dropping the charge.

Edmondson, spokesman for State Attorney Krischer, said there is no plea offer and no request for the prosecution to show its cards.

To my knowledge, it's never happened that a plea deal, if filed, would be rejected," he said.

@ larry_keller@pbpost.com

HOUSE_OVERSIGHT_021453

31E-MM-108062-78

(Rev. 01-31-2003)

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE Date: 03/13/2007

To: Miami Attn: SSRA [redacted]

From: Miami
Palm Beach County RA/PB-2
Contact: SA [redacted]

Approved By: [redacted]

Drafted By:

Case ID #: 31E-MM-108062 ~~(Pending)~~

Title: JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

Synopsis: To request assignment of co-case agent.

Details: It is requested that SA [redacted] be assigned as co-case agent to above captioned case.

♦♦

Assign SA [redacted]
as co-case Agent

[redacted]

072[redacted]01.ec
31E-MM-108062-81

(Rev. 01-31-2003)

[redacted] 115a.EC
115 [redacted] 1,EC

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE Date: 04/20/2007

To: Criminal Investigative Attn: Crimes Against Children Unit
UC
IA [redacted]

From: Miami
PB-2/PBCRA
Contact: SA [redacted]

Approved By [redacted]

Drafted By: [redacted]

Case ID #: 31E-MM-108062 ~~(Pending)~~

Title: JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

Synopsis: To request Intelligence Analyst (IA) [redacted] travel to Palm Beach RA to assist with analysis for captioned case.

Details: On 07/24/2006 the Federal Bureau of Investigation (FBI), Palm Beach County Resident Agency (PBCRA), opened an investigation involving billionaire Jeffrey Epstein and captioned subjects. The investigation involves numerous underage females who attended local high schools and were recruited for the purpose of engaging in sexual activity with Epstein. At the conclusion of the sexual activity, the minors were paid sums of money ranging from $200.00 - $1,000.00.

FBI Miami, PBCRA, requests the travel of IA [redacted] [redacted] Crimes Against Children Unit (CACU), for the purpose of assisting with telephone analysis for captioned case.

31E-MM-108062-84

b6
b7C

LEAD(s):

Set Lead 1: (Action)

CRIMINAL INVESTIGATIVE

AT WASHINGTON, DC

Approve the travel of IA [redacted] to Miami - Palm Beach County RA to assist with analysis for captioned case in anticipation of an indictment on 05/15/2007

♦♦

HOUSE_OVERSIGHT_021456

(Rev. 01-31-2003)

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE **Date:** 05/02/2007

To: Criminal Investigative **Attn:** Gang/Criminal Enterprise Section
SC Alex Juan Turner
ASC [redacted]
UC
SSA

From: Miami
PB-2/PBCRA
Contact: SA [redacted]

Approved By [redacted]

Drafted By: [redacted]

Case ID #: 31E-MM-108062 ~~(Pending)~~

Title: JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

Synopsis: To request Supervisory Special Agent (SSA) [redacted] travel to Palm Beach RA for the purpose of assisting with indictment preparation, document preparation, chart finalization and to provide testimony at detention hearing.

Details: On 07/24/2006, the Federal Bureau of Investigation (FBI), Palm Beach County Resident Agency (PBCRA), opened an investigation involving billionaire Jeffrey Epstein and captioned subjects. The investigation involves numerous underage females who attended local high schools and were recruited for the purpose of engaging in sexual activity with Epstein. At the conclusion of the sexual activity, the minors were paid sums of money ranging from $200.00 - $1,000.00.

FBI Miami, PBCRA, is anticipating an upcoming indictment and arrests of captioned subjects. The USAO and FBI Miami, PBCRA, request the travel of former co-case agent SSA [redacted] Gang/Criminal Enterprise Section, from 05/09/2007 to 05/18/2007, for the purpose of assisting with indictment preparation, document preparation, chart finalization and to provide testimony at detention hearing.

122 [redacted] 01-EC

31E-MM-108062-82

b6
b7C

LEAD(s):

Set Lead 1: (Action)

CRIMINAL INVESTIGATIVE

AT WASHINGTON, DC

Approval request for the travel of SSA [redacted] [redacted] to Miami Division, PBCRA from 05/09/2007 to 05/18/2007 for the purpose of assisting with indictment preparation, document preparation, chart finalization and to provide testimony at detention hearing.

♦♦

HOUSE_OVERSIGHT_021458

(Rev. 01-31-2003)

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE **Date:** 05/17/2007

To: Tampa **Attn:** SSA [redacted]
Orlando RA

From: Miami
PB-2/PBCRA
Contact: SA [redacted]

Approved By [redacted]

Drafted By: [redacted]

Case ID #: ~~31E~~-MM-108062 ~~(Pending)~~

Title: JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

[redacted]

Synopsis: To request travel reference captioned matter.

Administrative: Reference telcall between SA [redacted] and Primary Relief Supervisor [redacted] on 05/17/2007.

Details: On 07/24/2006 the Federal Bureau of Investigation (FBI), Palm Beach County Resident Agency (PBCRA), opened an investigation involving multi-millionaire Jeffrey Epstein and captioned subjects. The investigation involves numerous underage females who attended local high schools and were recruited for the purpose of engaging in sexual activity with Epstein. At the conclusion of the sexual activity, the minors were paid sums of money ranging from $200.00-$1,000.00

FBI Miami, PBCRA, request travel concurrence with FBI Tampa, Orlando RA for the purpose of interviewing a Victim/Witness. SA's [redacted] and [redacted] will travel on 05/18/2007 to interview the Victim/Witness.

138[redacted]01.EC

31E-MM-108062-88

LEAD(s):

Set Lead 1: (Info)

TAMPA

AT ORLANDO, FL

FBI Miami requests travel concurrence from FBI Tampa to conduct victim/witness interview.

♦♦

HOUSE_OVERSIGHT_021460

Automated Serial Permanent Charge-Out
FD-5a (1-5-94)

Date: 02/14/08 Time: 13:28

Case ID: 31E-MM-108062 Serial: 89

Description of Document:

Type : OTHER
Date : 08/02/06
To : [redacted] b3
From : US DIST COURT
Topic: SUBPOENA TO TESTIFY BEFORE GRAND JURY

Reason for Permanent Charge-Out:

serialized in the wrong file

Transferred to:

Case ID: 31E-MM-108062-GJ Serial: 39

Employee: [redacted] b6 b7C

31E-MM-108062-89

b6
b7C

31E-MM-108062

[redacted]

[redacted]

Pursuant to a federal investigation regarding the sexual exploitation of minors, [redacted] was interviewed by the FBI. [redacted] identifying information is recorded below:

Name: [redacted]

Race: White

Sex: Female

DOB:

Home Address:

Cellular Telephone:

Work:

[redacted]

116[redacted]02.ins

31E-MM-108062-91

101[redacted]01.ec

b6
b7C

31E-MM-108062
[redacted]

1

Pursuant to a federal investigation regarding the sexual exploitation of minors, [redacted] was interviewed by the FBI. [redacted] identifying information is recorded below:

Name: [redacted]
Race: White
Sex: Female
DOB:
SSAN:
Home Address:

Cellular Telephone:

Parents:

[redacted]

31E-MM-108062-92

b6
b7C

31E-MM-108062
[redacted]

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Pursuant to a federal investigation regarding the sexual exploitation of minors, [redacted] was interviewed by the FBI. [redacted]

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On 05/25/2007, SSA [redacted] FBI liaison at the Department of Justice, Office of International Affairs, provided a document listing nations that currently have extradition treaties with the United States. A copy of the list is attached to, and becomes part of, this document.

31E-MM-108062-96

UNITED STATES EXTRADITION TREATIES

(January 1, 2006)

Stewart C. Robinson
Deputy Director
Office of International Affairs
United States Department of Justice

International extradition is the formal process by which a person found in one country is surrendered to another country for trial or punishment. The process is regulated by treaty and conducted between the Federal Government of the United States and the government of a foreign country. It differs considerably from interstate rendition, commonly referred to as "interstate extradition", mandated by the Constitution, Art. 4, Sec. 2.

Below is a listing of extradition treaties signed by the United States. As indicated, not all of the treaties have entered into force as of the date this document was created.
Please contact the Office of International Affairs, United States Department of Justice at (202) 514-0000 to determine the status of a particular treaty.

Over the last few years, the United States has focused its efforts on replacing extradition treaties that have become outdated and obsolete, as well negotiating treaties with first time treaty partners. Our most recent treaties include the "dual criminality" approach rather than a listing of offenses for which extradition may be sought, clarify the procedures for provisional arrest, permit extradition whether the extraditable offense occurred before or after the treaty enters into force, allow the person sought to waive extradition, and permit temporary transfer of a fugitive serving a sentence in one state in order to expedite prosecution in another. In our newer treaties, one of the priorities of the United States has been to address two extremely difficult problems: the extradition of nationals; and extradition where the fugitive may be subject to the death penalty in the Requesting state. Not all of our treaty partners have agreed to extradite under these circumstances, but the issue is specifically addressed.

The treaties **highlighted "pending" in boldface**, are treaties which have not entered into force as of the date of this listing. The law of extradition varies from country to country and is subject to foreign policy considerations. The first step a prosecutor should take before considering any action relating to international extradition, is to contact the Office of International Affairs, United States Department of Justice, at (202) 514-0000.

UNITED STATES EXTRADITION TREATIES

January 1, 2006

Extradition Treaty with:	Signed:	Entered into Force:	Citation (if any):
Albania	March 1, 1933	November 14, 1935	49 Stat. 3133
Anguilla *	June 8, 1972	January 21, 1977	
Antigua-Barbuda	June 3, 1996	July 1, 1999	
Argentina	June 10, 1997	June 14, 2000	
Australia	May 14, 1974	May 8, 1976	27 UST 957
Australia Protocol	September 4, 1990	December 21, 1992	
Austria	January 8, 1998	January 1, 2000	
Bahamas	March 9, 1990	September 22, 1994	
Barbados	February 28, 1996	March 3, 2000	
Belgium	April 27, 1987	September 1, 1997	
Belgium Protocol	**March 17, 1987**	**Pending**	
Belize	March 30, 2000	March 27, 2001	
Bermuda *	June 8, 1972	January 21, 1997	
Bolivia	June 27, 1995	November 21, 1996	
Bosnia Herzegovina **	October 25, 1901	June 12, 1902	
Brazil	January 13, 1961	December 17, 1964	15 UST 2093
Brazil	June 18, 1962	December 17, 1964	15 UST 2112
British Indian Ocean Territory *	June 8, 1972	January 21, 1977	
British Virgin Islands *	June 8, 1972	January 21, 1977	
Bulgaria	March 19, 1924	June 24, 1924	43 Stat. 1886
Bulgaria	June 8, 1934	August 15, 1935	49 Stat. 3250
Burma	December 22, 1931	November 1, 1941	47 Stat. 2122
Canada	December 3, 1971	March 22, 1976	27 UST 983
Canada	June 28, 1974	March 22, 1976	27 UST 1017
Canada Extradition Protocol	January 11, 1988	November 26, 1991	
Canada Extradition Protocol	January 12, 2001	April 30, 2003	
Cayman Islands *	June 8, 1972	January 21, 1977	
Chile	April 17, 1900	June 26, 1902	32 Stat. 1850
Colombia +	September 14, 1979	March 4, 1982	
Congo	January 6, 1909	July 27, 1911	37 Stat. 1526
Congo	January 15, 1929	May 19, 1929	46 Stat. 2276
Congo	April 23, 1936	September 24, 1936	50 Stat. 1117
Congo		August 5, 1961	13 UST 2065
Costa Rica	December 4, 1982	October 11, 1991	
Croatia **	October 25, 1901	June 12, 1902	
Cuba	April 6, 1904	March 2, 1905	33 Stat. 2265
Cuba	December 6, 1904	March 2, 1905	33 Stat. 2273
Cuba	January 14, 1926	June 18, 1926	44 Stat. 2392
Cyprus	June 17, 1996	September 14, 1999	
Czech Republic	July 2, 1925	March 29, 1926	44 Stat. 2367
Czech Republic	April 29, 1935	August 28, 1935	49 Stat. 3253
Denmark	June 22, 1972	July 31, 1974	25 UST 1293
Dominica	October 10, 1996	May 25, 2000	
Dominican Republic	June 19, 1909	August 2, 1910	36 Stat. 2468
Ecuador	June 28, 1872	November 12, 1873	18 Stat. 199
Ecuador Supplementary	September 22, 1939	May 29, 1941	
Egypt	August 11, 1874	April 22, 1875	19 Stat. 572

Extradition Treaty with:	Signed:	Entered into Force:	Citation (if any):
El Salvador	April 18, 1911	July 10, 1911	37 Stat. 1516
Estonia	November 8, 1923	November 15, 1924	43 Stat. 1849
Estonia	October 10, 1934	May 7, 1935	49 Stat. 3190
European Union	**June 25, 2003**	**Pending**	
Fiji	December 22, 1931	June 24, 1935	47 Stat. 2122
Finland	June 11, 1976	May 11, 1980	31 UST 944
France	April 15, 1996	February 1, 2002	
France	January 6, 1909	July 27, 1911	37 Stat. 1526
France	February 12, 1970	April 3, 1971	22 UST 407
Gambia	December 22, 1931	June 24, 1935	47 Stat. 2122
Germany	June 20, 1978	August 29, 1980	32 UST 1485
Germany Protocol	October 21, 1986	March 11, 1993	
Ghana	December 22, 1931	June 24, 1935	47 Stat. 2122
Greece	May 6, 1931	November 1, 1932	47 Stat. 2185
Greece	September 2, 1937	September 2, 1937	51 Stat. 357
Grenada	May 31, 1996	Sept. 14, 1999	
Guatemala	February 27, 1903	August 15, 1903	33 Stat. 2147
Guatemala	February 20, 1940	March 13, 1941	55 Stat. 1097
Guyana	December 22, 1931	June 24, 1935	47 Stat. 2122
Haiti	August 9, 1904	June 28, 1905	34 Stat. 2858
Honduras	January 15, 1909	July 10, 1912	37 Stat. 1616
Honduras	February 21, 1927	June 5, 1928	45 Stat. 2489
Hong Kong	December 20, 1996	January 21, 1998	
Hungary	December 1, 1994	March 18, 1997	
Iceland	January 6, 1902	May 16, 1902	32 Stat. 1096
Iceland	November 6, 1905	February 19, 1906	34 Stat. 2887
India	June 25, 1997	July 21, 1999	
Iraq	June 7, 1934	April 23, 1936	49 Stat. 3380
Ireland	July 13, 1983	December 15, 1984	
Israel	December 10, 1962	December 5, 1963	14 UST 1707
Italy	October 13, 1983	September 24, 1984	TIAS 10837
Jamaica	June 14, 1983	July 7, 1991	
Japan	March 3, 1978	March 26, 1980	31 UST 892
Jordan	March 28, 1995	July 29, 1995	
Kenya	December 22, 1931	June 24, 1935	47 Stat. 2122
Kenya		August 19, 1965	16 UST 1866
Kiribati *	June 8, 1972	January 21, 1977	28 UST 227
Latvia	October 16, 1923	March 1, 1924	43 Stat. 1783
Latvia	October 10, 1934	March 29, 1935	49 Stat. 3131
Lesotho	December 22, 1931	June 24, 1935	47 Stat. 2122
Liberia	November 1, 1937	November 21, 1939	54 Stat. 1733
Liechtenstein	May 20, 1936	June 28, 1937	50 Stat. 1337
Lithuania	April 9, 1924	August 23, 1924	43 Stat. 1835
Lithuania	May 17, 1934	January 8, 1935	49 Stat. 3077
Lithuania	October 23, 2001	March 31, 2003	
Luxembourg	October 1, 1996	February 2, 2002	
Luxembourg	April 24, 1935	March 3, 1936	49 Stat. 3355
Luxembourg	October 29, 1883	August 13, 1884	23 Stat. 808
Malawi	December 22, 1931	June 24, 1935	47 Stat. 2122
Malawi		April 4, 1967	18 UST 1822
Malaysia	August 3, 1995	June 2, 1997	
Malta	December 22, 1931	June 24, 1935	47 Stat. 2122

Extradition Treaty with:	Signed:	Entered into Force:	Citation (if any):
Mauritius	December 22, 1931	June 24, 1935	47 Stat. 2122
Mexico	May 4, 1978	January 25, 1980	31 UST 5059
Mexico Protocol	November 13, 1997	May 21, 2001	
Monaco	February 15, 1939	March 28, 1940	54 Stat. 1780
Montserrat *	June 8, 1972	January 21, 1977	
Nauru	December 22, 1931	June 24, 1935	47 Stat. 2122
Netherlands	June 24, 1980	September 15, 1983	TIAS 10733
New Zealand	January 12, 1970	December 8, 1970	22 UST 1
Nicaragua	March 1, 1905	July 14, 1907	35 Stat. 1869
Nigeria	December 22, 1931	June 24, 1935	47 Stat. 2122
Norway	June 9, 1977	March 7, 1980	31 UST 5619
Pakistan	December 22, 1931	March 9, 1942	47 Stat. 2122
Panama	May 25, 1904	May 8, 1905	34 Stat. 2851
Papua New Guinea	December 22, 1931	August 30, 1935	47 Stat. 2122
Papua New Guinea	Feb. 2, 23,1988	Feb. 23, 1988	
Paraguay	November 9, 1998	March 9, 2001	
Peru	November 28, 1899	February 23, 1901	31 Stat. 1921
Peru	July 26, 2001	August 25, 2003	
Philippines	November 13, 1994	November 22, 1996	
Poland	July 10, 1996	September 17, 1999	
Portugal	May 7, 1908	November 14, 1908	35 Stat. 2071
Romania	July 23, 1924	April 7, 1925	44 Stat. 202
Romania	November 10, 1936	July 27, 1937	50 Stat. 1349
San Marino	January 10, 1906	July 8, 1908	35 Stat. 1971
San Marino	October 10, 1934	June 28, 1935	49 Stat. 3198
Seychelles	December 22, 1931	June 24, 1935	47 Stat. 2122
Sierra Leone	December 22, 1931	June 24, 1935	47 Stat. 2122
Singapore	December 22, 1931	June 24, 1935	47 Stat. 2122
Singapore		June 10, 1969	20 UST 2764
Slovak Republic	July 2, 1925	March 29, 1926	44 Stat. 2367
Slovak Republic	April 29, 1935	August 28, 1935	49 Stat. 3253
Slovenia **	October 25, 1901	June 12, 1902	
Solomon Islands	June 8, 1972	January 21, 1977	28 UST 227
South Africa	December 18, 1947	April 30, 1950	2 UST 884
South Africa	September 16, 1999	June 25, 2001	
South Korea	June 9, 1998	December 21, 1999	
Spain 3rd Supplementary	March 12, 1996	July 25, 1999	
Spain 2nd Supplementary	February 9, 1988	July 2, 1993	
Spain Supplementary	January 25, 1975	June 2, 1978	29 UST 2283
Spain	May 29, 1970	June 16, 1971	22 UST 737
Sri Lanka	September 30, 1999	January 12, 2001	
St. Christopher - Nevis	September 18, 1996	February 23, 2000	
St. Lucia	April 18, 1996	February 2, 2000	
St. Vincent-Grenadines	August 15, 1996	September 8, 1999	
Suriname	January 18, 1904	August 28, 1904	33 Stat. 2257
Suriname	June 2, 1887	July 11, 1889	26 Stat. 1481
Swaziland	December 22, 1931	June 24, 1935	47 Stat. 2122
Sweden	October 24, 1961	December 3, 1963	14 UST 1845
Sweden	March 14, 1983	September 24, 1984	TIAS 10812
Switzerland	November 14, 1990	September 10, 1997	
Tanzania	December 22, 1931	June 24, 1935	47 Stat. 2122
		Dec. 6, 1965	16 UST 2066
Thailand	December 14, 1983	May 17, 1991	

Extradition Treaty with:	Signed:	Entered into Force:	Citation (if any):
Tonga	December 22, 1931	June 24, 1935	47 Stat. 2122
Tonga		September 13, 1977	28 UST 5290
Trinidad-Tobago	March 6, 1996	Nov. 3, 1999	
Turkey	June 7, 1979	January 1, 1981	32 UST 3111
Tuvalu	June 8, 1972	January 21, 1977	28 UST 227
Tuvalu		April 25, 1980	32 UST 1310
United Kingdom	June 8, 1972	January 21, 1977	28 UST 227
United Kingdom Protocol	June 25, 1985	December 23, 1986	
United Kingdom	**March 31, 2003**	**Pending**	
Uruguay	April 6, 1973	April 11, 1984	TIAS 10850
Venezuela	January 19, 1922	April 14, 1923	43 Stat. 1698
Yugoslavia	October 25, 1901	June 12, 1902	32 Stat. 1890
Zambia	December 22, 1931	June 24, 1935	47 Stat. 2122
Zimbabwe	July 25, 1997	April 26, 2000	

* Under Treaty with United Kingdom.

** Under Treaty with Yugoslavia which entered into force in 1902.

\+ Considered a Treaty in Force by U.S., but not by Colombia

(Rev. 01-31-2003)

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FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE **Date:** 06/11/2007

To: Tampa **Attn:** SSA [redacted]
Orlando RA

From: Miami
PB-2/PBCRA
Contact: SA [redacted]

Approved By [redacted]

Drafted By: [redacted]

Case ID #: ~~31~~E-MM-108062 ~~(Pending)~~

Title: JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

[redacted]

Synopsis: To request travel reference captioned matter.

Administrative: Reference telcall between SA [redacted] and SSA [redacted] on 06/12/2007.

Details: On 07/24/2006 the Federal Bureau of Investigation (FBI), Palm Beach County Resident Agency (PBCRA), opened an investigation involving multi-millionaire Jeffrey Epstein and captioned subjects. The investigation involves numerous underage females who attended local high schools and were recruited for the purpose of engaging in sexual activity with Epstein. At the conclusion of the sexual activity, the minors were paid sums of money ranging from $200.00-$1,000.00

FBI Miami, PBCRA, requests travel concurrence with FBI Tampa, Orlando RA for the purpose of interviewing a Victim/Witness. SA's [redacted] and [redacted] [redacted] will travel on 06/12/2007 to interview the Victim/Witness.

31E-MM-108062-97

LEAD(s):

Set Lead 1: (Info)

TAMPA

AT ORLANDO, FL

FBI Miami requests travel concurrence from FBI Tampa to conduct victim/witness interview.

♦♦

HOUSE_OVERSIGHT_021472

(Rev. 01-31-2003)

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FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE **Date:** 06/22/2007

To: Miami **Attn:** IMA/PB2

From: Miami
PB2/PBCRA
Contact: SA

Approved By:

Drafted By:

Case ID #: 31E-MM-108062 ~~(Pending)~~

Title: JEFFREY EPSTEIN;

WSTA - CHILD PROSTITUTION

Synopsis: To request the opening of sub-files in captioned case.

Details: It is requested that the following sub-files be opened to assist in document management in captioned case.

SUB - GJ Federal Grand Jury

Open Sub-files

173 01. EC

31E-MM-108062-98

229[redacted]01.ec

(Rev. 01-31-2003)

FEDERAL BUREAU OF INVESTIGATION

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Precedence: ROUTINE **Date:** 08/17/2007

To: New York **Attn:** SSA [redacted]

From: Miami
PB-2/PBCRA
Contact: SA [redacted]

Approved By: [redacted]

Drafted By: [redacted]

Case ID #: ~~31E~~-MM-108062 ~~(Pending)~~

Title: JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

Synopsis: To request travel reference captioned matter.

Administrative: Reference telcall between SA [redacted] and SA [redacted] on 08/15/2007.

Details: On 07/24/2006 the Federal Bureau of Investigation (FBI), Palm Beach County Resident Agency (PBCRA), opened an investigation involving multi-millionaire Jeffrey Epstein and captioned subjects. The investigation involves numerous underage females who attended local high schools and were recruited for the purpose of engaging in sexual activity with Epstein. At the conclusion of the sexual activity, the minors were paid sums of money ranging from $200.00-$1,000.00

FBI Miami, PBCRA, requests travel concurrence with FBI New York for the purpose of interviewing witnesses and serving target letters on two subjects. SA's [redacted] and [redacted] will travel to New York from 08/20/2007 to 08/24/2007. No assistance from FBI New York is anticipated at this time.

31E-MM-108062-99

LEAD(s):

Set Lead 1: (Info)

TAMPA

AT NEW YORK, NY

FBI Miami requests travel concurrence from FBI New York to conduct witness interviews and serve target letters on subjects.

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HOUSE_OVERSIGHT_021475

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31E-MM-108062 -100
[redacted]

The following investigation was conducted by SA [redacted] [redacted]:

On 08/27/2007 at approximately 8:26 AM, this writer received a telephone call from SA [redacted] SA [redacted] advised she had just been notified that Jeffrey Epstein's private plane, bearing tail number N909JE, was due to take off from St. Thomas' airport, Cyril E. King Airport, within the next five minutes. This writer advised SA [redacted] he would make some phone calls to see if he could have the flight delayed while he responded to the airport.

At approximately 8:27 AM, this writer then contacted [redacted] [redacted] Federal Security Director, U.S. Department of Homeland Security, United States Virgin Islands. This writer asked if there was any way to delay a flight from taking off due to the possibility of that flight bearing targets of interest in a criminal investigation. [redacted] advised the only way he could delay a flight if there was a threat to the safety of the flight. This writer informed [redacted] this case did not meet that criteria. [redacted] then provided this writer with the phone number to Air Traffic Control (ATC).

This writer then contacted ATC (340-714-0793 or 340-774-1836) and spoke with [redacted] (the code name used by the individual working at the tower). I identified myself to [redacted] and asked him the status of the flight for N909JE. [redacted] advised the plane had filed a flight plan that showed estimated departure as being four minutes prior to our conversation. [redacted] advised the plane was still processing through customs at this time. I asked [redacted] if he had the capability of delaying the flight due to the plane possibly transporting targets of interest in a criminal investigation. [redacted] advised he could delay the flight a few minutes by informing the pilot of our approach, should the pilot request permission to take off prior to my arrival.

This writer then departed for Cyril E. King Airport. While in route to the airport, this writer contacted SST [redacted] [redacted] FBI St. Thomas, and requested she contact United States Customs and Border Patrol (CBP) and inform them of my impending arrival. This writer then contacted SA [redacted] and informed her of my departure to the airport.

At approximately 8:44 AM, this writer received a telephone call from [redacted] Supervisor, CBP. This writer told [redacted] there were possibly two female targets getting ready to take off on the aforementioned plane. [redacted] told this writer to meet him at the cargo entrance of the airport.

31E-MM-108062-100

Upon arriving at the airport's cargo entrance, this writer was met by [redacted] and two of his co-workers. This writer followed [redacted] to the aforementioned plane, which was parked in a waiting area with the engines off. This writer showed [redacted] and his co-workers the picture of the two female targets and explained the purpose was to serve the two females with target letters. [redacted] stepped away and went to speak with the pilot of the aircraft. This conversation between [redacted] and the pilot occurred out of this writer's range of hearing. [redacted] returned and advised the pilot informed him that Epstein was the only passenger scheduled on this flight. [redacted] informed me he was going to check the plane as part of their custom's check and asked me to accompany him. [redacted] advised they had the legal authority to board any aircraft going to the United States. I boarded the plane along with [redacted] and the other two CBP personnel. We walked the length of the plane and ascertained there was no one on board. We then disembarked the plane. [redacted] had one of his personnel go into the airport to ensure the female targets were not present inside the terminal. The CBP officer returned and advised Epstein was alone and was still processing through customs.

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At Approximately 8:55 AM, this writer contacted [redacted] at ATC. This writer told [redacted] the plane had been checked. [redacted] advised he did not have to delay the plane or take any action to delay the flight as the pilot never requested permission to take off.

At Approximately 8:59 AM, this writer contacted SA [redacted] and informed her Epstein was traveling alone. SA [redacted] advised she had just obtained that information from another source.

NOTE: All times referenced in this insert were taken from this writer's cellular telephone call history.

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 07/02/2007

[redacted], date of birth [redacted] Social Security Account Number [redacted], was interviewed in the vicinity [redacted] Royal Palm Beach, Florida. [redacted] approached the interviewing agent's vehicle to determine the nature of the agent's presence. The agent did not indicate who was being sought until [redacted] approached the agent's vehicle a second time and asked if the agent was looking for apartment [redacted] was concerned because an investigator had already attempted to locate [redacted] It was determined that [redacted] was advised of the identity of the interviewing agent and purpose of the interview. [redacted] voluntarily provided the following information:

[redacted] has been [redacted] for approximately [redacted] had a business card in his possession and stated that the individual listed on the card was attempting to contact [redacted] Concerned for [redacted] safety, [redacted] advised [redacted] not to meet with the individual unless the meeting took place at an office. The business card listed the following information:

[redacted]

[redacted] is currently employed as [redacted] [redacted] telephone [redacted] (address: [redacted]. He believed she was going to contact the private investigator (PI) because he provided her with the PI's telephone number.

Investigation on 07/02/2007 at Royal Palm Beach, Florida

File # 31E-MM-108062 Date dictated 07/02/2007

by SA [redacted]

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

31E-MM-108062-103

FD-302 (Rev. 10-6-95)

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 01/10/2007

[redacted] was interviewed in West Palm Beach, Florida, regarding a federal investigation involving the sexual exploitation of minors. After being advised of the identity of the interviewing agents and the nature of the interview, [redacted] provided the following information:

[redacted] first met JEFFREY EPSTEIN through his [redacted] date of birth [redacted]

[redacted] was residing at [redacted] an apartment complex located in Royal Palm Beach, [redacted]

[redacted] When asked by the interviewing agent if [redacted] was sexual involved with EPSTEIN, [redacted] stated he never asked her, [redacted] continued stating, [redacted] said that [redacted] was paid well and they both benefitted from the money EPSTEIN was paying [redacted]

[redacted] also found other females to perform massages for

Investigation on 01/10/2007 at West Palm Beach, Florida

File # 31E-MM-108062 Date dictated 01/10/2007

by SA [redacted]

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

31E-MM-108062-104

EPSTEIN. [redacted] would find females at different places: the mall, the clubs or the schools. [redacted] said that [redacted] LNU(area code [redacted] would also call and [redacted] EPSTEIN's residence. [redacted] believed [redacted] was EPSTEIN's wife at first, but he knows now that was not the case. [redacted] stated that when he was at the EPSTEIN's residence, [redacted] would, on occasion, see [redacted] described him as a [redacted]

[redacted]

[redacted] could only remember the names of two girls, [redacted] LNU and [redacted] LNU, [redacted] When asked by the interviewing agent if he recalled someone by the name of [redacted] he stated that she had attended Royal Palm Beach High School and she was another one of the females working for EPSTEIN. He said that [redacted] LNU had recruited [redacted] LNU to work for EPSTEIN.

[redacted] said that when [redacted] EPSTEIN paid for her to [redacted] said after [redacted] he received [redacted] that she would not be returning and that [redacted] from [redacted] since that time. [redacted] stated that he still has [redacted] association with EPSTEIN. [redacted] said that he would like to reimburse [redacted]

[redacted] eventually stopped working for EPSTEIN mainly due to the fact that [redacted] said that EPSTEIN would call and inquire about [redacted] whereabouts and if he had heard from [redacted] believed that EPSTEIN knew where [redacted] was because he was the one responsible [redacted] stated that he [redacted] and that he and EPSTEIN had argued [redacted] not returning.

[redacted] said that EPSTEIN told [redacted] sure the females [redacted] were eighteen.

[redacted] EPSTEIN

[redacted] in EPSTEIN's residence. [redacted] with EPSTEIN.

[redacted]

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31E-MM-108062
[redacted]

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Pursuant to a federal investigation regarding the sexual exploitation of minors, [redacted] was interviewed by the FBI. [redacted] identifying information is recorded below:

Name:	[redacted]
Race:	White
Sex:	Female
DOB:	[redacted]
SSAN:	
Home Address:	
Cellular Telephone:	

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31E-MM-108062
[redacted]

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Pursuant to a federal investigation regarding the sexual exploitation of minors, [redacted] was interviewed by the FBI. [redacted] identifying information is recorded below:

Name:	[redacted]
Race:	White
Sex:	Female
DOB:	[redacted]
Husband:	
Home Address:	
Cellular Telephone:	
Cellular Telephone:	
Work:	

31E-MM-108062-108

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31E-MM-108062
[redacted]

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On 05/10/2007, SA [redacted] faxed an intelligence request to Palm Beach County Sheriff's Office Intelligence Analyst [redacted] Information sought included current employment and residences for [redacted] and [redacted] Neighbors received results from the Florida Department of Law Enforcement on 05/24/2007 and forwarded the results to SA [redacted] via TFO [redacted] The results are attached to, and become part of, this document.

31E-MM-108062-110

FD-448 (REV. 0-2-97)

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FBI FACSIMILE

COVER SHEET

PRECEDENCE

- ☐ Immediate
- ☐ Priority
- ☒ Routine

CLASSIFICATION

- ☐ Top Secret
- ☐ Secret
- ☐ Confidential
- ☐ Sensitive
- ☒ Unclassified

Time Transmitted: _____
Sender's Initials: _____
Number of Pages: _____
(including cover sheet)

To: PBSO
Name of Office

Date: 05/10/2007

Facsimile Number: 561-688-3866

Attn: [redacted]
Name Room Telephone

From: FBI
Name of Office

Subject: Intel request

Special Handling Instructions: Please provide any intelligence related to current employment and residences for listed subjects. Thanks.

Originator's Name: SA [redacted] Telephone: [redacted]

Originator's Facsimile Number: 561-833-7970

Approved: _____

Brief Description of Communication Faxed: [redacted]

WARNING

Information attached to the cover sheet is U.S. Government Property. If you are not the intended recipient of this information, disclosure, reproduction, distribution, or use of this information is prohibited (18.USC, § 641). Please notify the

TOTAL P.01

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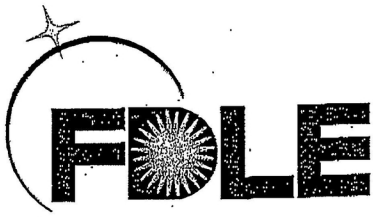

Florida Department of Law Enforcement
Palm Beach Field Office
Resident Agent in Charge [redacted]
Special Agent Supervisor [redacted]
1400 Centrepark Boulevard, Suite #800
West Palm Beach, Florida 33401
Phone: (561) 640-2840 SunCom: 256-2840
Fax: (561) 640-6160 SunCom Fax # 256-6160

To: [redacted]

From: [redacted]

Date: 5/23/07 # of pages (including cover page): 4

_____ Information Only

_____ Per Your Request

_____ Please Call After Review

_____ URGENT

CONFIDENTIAL

Comments:

- Can only query database w/ SSN #'s - so [redacted] -
- Also - pls send me a case #
- Wow on [redacted] 4th qtr of 2006!

Confirmation Requested: _____ Yes _____ No

FD-302 (Rev. 10-6-95)

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 06/11/2007

[redacted], Royal Palm Beach High School (RPBHS) [redacted] telephone [redacted], was interviewed at RPBHS, 10600 Okeechobee Blvd., Royal Palm Beach, Florida. [redacted] was advised of the identity of the interviewing agents and purpose of the interview. [redacted] voluntarily provided the following information:

[redacted] recalled an incident which occurred at RPBHS during the [redacted] and another female student were involved in a physical fight on campus. Neither [redacted] nor the other female sustained any injuries during the fight. The two girls were caught "out of area" on campus, meaning they were in an unauthorized area of campus. The girls were caught by an adult hall monitor and brought to [redacted] is the [redacted] for RPBHS and she is [redacted] to search students if they are found out of area. The search was conducted by having the students empty their own pockets. During the search [redacted] discovered [redacted] had $300.00 in cash.

[redacted] could not recall the reason [redacted] provided for possessing the cash. [redacted] contacted one of [redacted] parents who concurred with the reason [redacted] provided for having the cash. [redacted] and the other female were disciplined by receiving three-day suspensions.

Investigation on 06/04/2007 at Royal Palm Beach, FL

File # 31E-MM-108062 Date dictated 06/11/2007

by SA [redacted]

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

31E-MM-108062-1

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 06/12/2007

[redacted] date of birth [redacted] Social Security Account Number [redacted] telephone [redacted] e-mail addresses [redacted] and [redacted] was interviewed at her place of employment, Seminole Ridge High School. [redacted] was advised of the identity of the interviewing agents and the purpose of the interview. [redacted] voluntarily provided the following information:

[redacted] was the [redacted] at Royal Palm Beach High School. [redacted] was a student in [redacted] during the 2004-2005 school year. [redacted] cast as [redacted] did well in the play and received an award at the end of the school year for her performance.

[redacted] provided photocopies of items in her scrapbook which reflected [redacted] e-mailed additional photographs [redacted] The scrapbook photocopies, e-mail and copies of attached photographs were placed in a 1A envelope of case file.

[redacted] described her relationship with [redacted] described [redacted] as deceptive, manipulative and not trustworthy. [redacted] was into things that were not appropriate for her age. [redacted] disheveled. [redacted] coffee into the classroom. [redacted] would also apply her make-up during class. [redacted] did not have direct knowledge of any drug use [redacted] or her family but heard through another student that pot smoking may exist in [redacted]

On June 8, 2007, [redacted] telephonically contacted investigators to provide additional information regarding [redacted] During [redacted] made comments about a man who was going to fund her college education. [redacted] could not recall the man's name but stated he was very wealthy and lived in Palm Beach, Florida.

Investigation on 06/04/2007 at [redacted] Florida

File # 31E-MM-108062 Date dictated 06/12/2007

by SA [redacted]

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31E-MM-108062-113

[redacted] was a close friend of [redacted] in the school play. [redacted] is currently serving in the U.S. Army. [redacted] was another close friend of [redacted] who is also serving in the military.

b6
b7C

31E-MM-108062
[redacted]

Pursuant to a federal investigation regarding the sexual exploitation of minors, [redacted] was interviewed by the FBI. [redacted] identifying information is recorded below:

Name: [redacted]

Race: White

Sex: Male

DOB: [redacted]

[redacted]

31E-MM-108062-115

Automated Serial Permanent Charge-Out
FD-5a (1-5-94)

Date: 11/07/07 Time: 11:09

Case ID: 31E-MM-108062 Serial: 117

Description of Document:

Type : FD909
Date : 12/22/06
To : [redacted] b3
From : MIAMI
Topic: REQUEST FOR [redacted]

Reason for Permanent Charge-Out:

TRANSFER TO THE SUBPOENA SUB

Transferred to:

Case ID: 31E-MM-108062-SBP Serial: 80

Employee: [redacted] b6 b7C

31E-MM-108062-117

IN THE CIRCUIT COURT OF THE FIFTEENTH JUDICIAL CIRCUIT IN AND FOR PALM BEACH COUNTY, FLORIDA

STATE OF FLORIDA
-vs-
JEFFREY E EPSTEIN

Case No: 502006CF009454AXXXMB

JEFFREY E EPSTEIN
358 EL BRILLO WAY
PALM BEACH GARDENS, FL 33480

NOTICE OF HEARING

THE DEFENDANT MUST BE PRESENT AT THIS HEARING

Failure to appear will result in a Bond Forfeiture or revocation of own recognizance (O.R.) and a Capias being issued for your arrest.

YOU ARE HEREBY NOTIFIED that this case is scheduled for:

JURY TRIAL

On **JANUARY 07, 2008** DIVISION: **W** in: **COURTROOM 11F** at: **09:00:00 AM**

At the **COUNTY COURTHOUSE, 205 N. DIXIE HWY, WEST PALM BEACH, FL 33401**

BE PREPARED TO PAY COURT COSTS AND FINES ASSESSED BY THE COURT AT THIS HEARING

SHARON R. BOCK, CLERK & COMPTROLLER
DFELDER
BY: _____
Deputy Clerk

DATED: **NOVEMBER 06, 2007**

cc: ASST ST ATTY – DIV W
JACK A GOLDBERGER , ESQ.
CB/DEP. J. GOLDBERGER
JEFFREY E EPSTEIN

STATE OF FLORIDA • PALM BEACH COUNTY
I hereby certify that the foregoing is a true copy of the record in my office.
THIS 4 DAY OF Dec, 20 07
SHARON R. BOCK
CLERK & COMPTROLLER
By _____
DEPUTY CLERK

If you are a person with a disability who needs any accommodation in order to participate in this proceeding, you are entitled, at no cost to you, to the provision of certain assistance. Please contact Mary Jaffe, ADA Coordinator in the Administrative Office of the Court., Palm Beach County Courthouse, 205 North Dixie Highway, Room 5.2500, West Palm Beach, Florida, 33401, telephone number (561) 355-4380 within two (2) working days of your receipt of this notice of hearing; if you are hearing or voice impaired, call 1-800-955-8771.

CRC_CAL_NOH

31E-MM-108062 -1/8

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b7C

31E-MM-108062
[redacted]

1

Pursuant to a federal investigation regarding the sexual exploitation of minors, [redacted] was interviewed by the FBI. [redacted] identifying information is recorded below:

Name:	[redacted]
Race:	White
Sex:	Female
DOB:	[redacted]
SSAN:	
Address:	
[redacted]	

31E-MM-108062-120

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/04/2007

[redacted] date of birth [redacted] Social Security Account Number [redacted] cellular telephone number [redacted] LNU's telephone number [redacted] was interviewed telephonically regarding a federal investigation involving the sexual exploitation of minors. After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] provided the following information:

[redacted] currently resides with [redacted] located in [redacted] The interviewing agent inquired if [redacted] was able to speak freely over the phone with [redacted] in the car with her. [redacted] stated she was fine. When [redacted] was asked about JEFFREY EPSTEIN, she told the interviewing agent that she believed she knew an EPSTEIN that had been [redacted] stated that she could not recall traveling with her friend [redacted] to EPSTEIN's Palm Beach residence. [redacted] stated that she could not recall providing EPSTEIN with a massage. She asked the interviewing agent if she could take some time to think about it. At this time, [redacted] was advised that she was not in any trouble but that she needed to be completely honest with the interviewing agent. [redacted] stated that she was unable to remember any details regarding a JEFFREY EPSTEIN that resided in Palm Beach. The interview was concluded.

Investigation on 10/02/2007 at [redacted]

File # 31E-MM-108062 Date dictated 10/02/2007

by SA [redacted]

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31E-MM-108062-128

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/09/2007

[redacted] date of birth [redacted] was telephonically interviewed regarding a federal investigation involving the sexual exploitation of minors. After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] provided the following information:

[redacted] believed she first met JEFFREY EPSTEIN during the [redacted] Last Name Unknown (LNU) told [redacted] she could make a lot of money providing a quick massage. [redacted] was taken by [redacted] LNU to EPSTEIN's residence. [redacted] only provided EPSTEIN with a massage [redacted] EPSTEIN told [redacted] that he would pay her [redacted] believed she was paid $ [redacted]

[redacted] stated that there were other girls she was aware of that had provided EPSTEIN with massages prior to her. [redacted] LNU attended [redacted] LNU who was at least a year younger than [redacted] also attended [redacted] LNU, who was taught from home, brought [redacted] LNU and [redacted] date of birth [redacted] old cellular telephone number [redacted] LNU, was also being taught from home. [redacted] would go to EPSTEIN's residence [redacted] would be paid more money by EPSTEIN. [redacted] believed the amount was $ [redacted] told the interviewing agents that [redacted] had a difficult time dealing with her past contacts with EPSTEIN.

[redacted] stated that they would telephone [redacted] LNU or [redacted] to schedule appointments with EPSTEIN. [redacted] LNU would also contact [redacted] to set up appointments. EPSTEIN told [redacted] EPSTEIN would also ask [redacted]

Investigation on 10/05/2007 at (telephonically)

File # 31E-MM-108062 Date dictated 10/05/2007

by SA [redacted]

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31E-MM-108062-125

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/04/2007

[redacted] date of birth [redacted] Social Security Account Number [redacted] cellular telephone number [redacted] LNU's cellular number [redacted] was interviewed telephonically regarding a federal investigation involving the sexual exploitation of minors. After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] provided the following information:

[redacted] informed the interviewing agent that she was at her new job, [redacted] and did not want to get involved in an investigation regarding JEFFREY EPSTEIN. The interviewing agent attempted to set up a better time for the interview but [redacted] did not want to be interviewed. However, [redacted] confirmed that she first met JEFFREY EPSTEIN when she was [redacted] years old. She was taken to EPSTEIN's residence in Palm Beach by one of her good friends. [redacted] stated that she provided EPSTEIN with massages and that she had provided these massages alone. [redacted] stated that EPSTEIN had not inappropriately touched her and that EPSTEIN had not masturbated in her presence. [redacted] said that her friend was paid more so she thought more was taking place between her friend and EPSTEIN. [redacted] again stated to the interviewing agent that she did not want to get involved and was not going to provide anymore information. [redacted] said, [redacted] and disconnected from the line.

Investigation on 10/03/2007 at [redacted] FL (telephonically)

File # 31E-MM-108062 Date dictated 10/03/2007

by SA [redacted]

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31E-MM-108062-126

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/29/2007

[redacted] date of birth [redacted] Social Security Account Number [redacted] cellular telephone number [redacted] [redacted] telephone number [redacted] and telephone number [redacted] was interviewed in West Palm Beach, Florida, regarding a federal investigation involving the sexual exploitation of minors. After being advised of the identity of the interviewing agents and the nature of the interview, [redacted] provided the following information:

[redacted] believed she was first approached about providing JEFFREY EPSTEIN with a massage during her [redacted] in High School. [redacted] stated that she was [redacted] when she first met EPSTEIN. [redacted] told her she could make at least $[redacted] by providing a massage. [redacted] to EPSTEIN's residence. EPSTEIN gave them a tour of the house. [redacted] recalled naked photographs of girls, especially in the room upstairs where she would later provide EPSTEIN with a massage. On [redacted] and waited while [redacted]

A few days to a week later, [redacted] returned to EPSTEIN's residence [redacted] was taken upstairs by EPSTEIN. [redacted] began the massage by massaging EPSTEIN's feet and lower legs. EPSTEIN wearing only a towel was lying on his stomach and talking on the telephone. After approximately 10-15 minutes on the telephone, EPSTEIN hung up and turned over. EPSTEIN asked [redacted] if she had been told that she should remove her shirt when providing him the massage. [redacted] told EPSTEIN that she was not told that and that [redacted] EPSTEIN stood up completely naked. [redacted] was paid $[redacted]

Approximately ten minutes after leaving EPSTEIN's residence [redacted] that had occurred with EPSTEIN.

[redacted] stated that there were no telephone calls to or from EPSTEIN or [redacted]

Investigation on 10/03/2007 at West Palm Beach, Florida

File # 31E-MM-108062 Date dictated 10/03/2007

by SA [redacted]

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

31E-MM-108062-128

FD-302 (Rev. 10-6-95)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 08/28/2007

[redacted] date of birth [redacted] home telephone [redacted] was interviewed at her residence, [redacted] regarding a federal investigation involving the sexual exploitation of minors. After being advised of the identity of the interviewing agents and the nature of the interview, [redacted] provided the following information: b6 b7C

[redacted] advised that she began working [redacted] JEFFREY EPSTEIN in [redacted] She was interviewed by JEFFREY EPSTEIN, [redacted] for the position. Her current job responsibilities include [redacted] EPSTEIN's office is located at 457 Madison Avenue, New York, New York, telephone 212-750-9895. [redacted] described EPSTEIN as a good boss.

[redacted] confirmed [redacted] was employed by EPSTEIN. According to [redacted] works as EPSTEIN's [redacted]

The interview was interrupted when [redacted]

After [redacted] requested to speak with an attorney at which point the interview was concluded. [redacted] b3 b6 b7C

Investigation on 08/21/2007 at [redacted] b6 b7C

File # 31E-MM-108062 Date dictated 08/21/2007

by SA [redacted]

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

31E-MM-108062-130

(Rev. 06-04-2007)

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE **Date:** 11/07/2007

To: Miami **Attn:** Third Party Draft

From: Miami
PB-2, PBCRA
Contact: SA [redacted] b6 b7C

Approved By: [redacted]

Drafted By: [redacted]

Case ID #: 31E-MM-108062

Title: JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

Synopsis: To request funds for expenses associated to the above captioned case.

Enclosure(s): Enclosed for the Miami Third Party Draft is an original bill from American Express dated October 10, 2007 and the associated FD-794.

Details: SA [redacted] requests Third Party Draft provide payment in the amount of $[redacted] for [redacted] that provided pertinent information on the individuals of interest in the ongoing federal investigation. This expense incurred due to labor and the extensive time spent in the reproduction of records. b3 b6 b7C

31E-MM-108062-132

(Rev. 06-04-2007)

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FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE **Date:** 02/06/2008

To: New York **Attn:** SSA [redacted]
Squad C-20

From: Miami
PB-2/PBCRA
Contact: SA [redacted]

Approved By: [redacted]

Drafted By: [redacted]

Case ID #: 31E-MM-108062 ~~(Pending)~~

Title: JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

Synopsis: To set leads for captioned investigation.

Reference: 31E-MM-108062 Serial 125

Kept as 1 serial

Enclosure(s): Enclosed for New York is a copy of referenced serial, FD-302 of [redacted]

Details: On 07/24/2006 the Federal Bureau of Investigation (FBI), Palm Beach County Resident Agency (PBCRA), began investigating Jeffrey Epstein, a part-time resident of Palm Beach, along with [redacted]. PBCRA obtained information from the City of Palm Beach Police Department (PBPD) that a [redacted]

Following the receipt of the case files from the PBPD, PBCRA began interviewing a series of girls, ranging in age from fourteen through mid to early twenties, who reported a similar

31E-MM-108062-134
037[redacted]01.ec

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b7C

series of events. In particular, the girls described how contact was made via telephone, primarily with [redacted] at Epstein's home in Palm Beach. The girls would travel to Epstein's residence, usually in the company of another girl. The girls would enter Epstein's home via the kitchen, where they would be met by Epstein [redacted]. The girls would be escorted up to Epstein's bedroom where a massage table was accessible. The girls were told to undress - some undressed only partially and some undressed completely. Epstein would enter the room partially dressed, usually wearing only a towel. He would get onto the massage table face down. While lying face down, Epstein instructed the girl how to massage him. After a period of time when [redacted]

In addition to these sexual massages, some of the girls were paid additional sums to perform more sexual activity, for example, engaging in sexual activity [redacted] while Epstein watched.

During the course of PBPD's investigation, a search warrant for Epstein's home was obtained and executed. Many of Epstein's belongings were removed from the home prior to the execution of the search warrant - for example, the computer processing units (CPUs) were removed from the house but the computer screens, keyboards, cords, etc. were left behind. The missing CPU's were never recovered.

During the search, several telephone message pads were recovered. These message pads show messages taken from several of the girls who were interviewed and admitted to engaging in sexual massages or other sexual activity with Epstein. The messages contained text such as "I have a female for him" and "has girl for tonight." Some of the messages from the girls were addressed to Epstein and others were addressed [redacted] Additional messages recovered during the search contained text confirming appointment times.

During the PBCRA's investigation, the girls related that [redacted]

HOUSE_OVERSIGHT_021501

Epstein were still in New York or elsewhere, [redacted] upon his arrival in Palm Beach. The PBCRA's investigation has collected the flight manifest for Epstein's two private planes during the period of January 2004 through December 2005 as well as cellular phone records for Epstein [redacted] The investigation revealed that prior to the flights to Palm Beach, [redacted] The massage pads show evidence that the girls responded to those telephone calls and in some instances [redacted] left for Epstein.

In addition to the home in Palm Beach, Epstein also maintains residences in the U.S. Virgin Islands, New Mexico and his New York residence, 9 E. 71st Street, New York, NY 10021.

Based on the ongoing criminal investigation, the PBCRA is requesting assistance in establishing Epstein's criminal activity utilizing interstate commerce and the travel in interstate commerce to engage in illicit sexual conduct and prostitution. On 10/05/2007, [redacted] was telephonically interviewed. [redacted] advised that she and additional minor females had participated in similar activity with Epstein in the New York area. Epstein utilized the same modus operandi which has been documented in multiple interviews of minor females in the Palm Beach, Florida area. Prior to conducting captioned leads, it is requested that the lead agent(s) contact SA [redacted] for investigative direction and questions.

LEAD(s):

Set Lead 1: (Action)

NEW YORK

AT NEW YORK, NY

Locate and interview [redacted] cellular telephone [redacted] New York, NY. Determine from [redacted] any additional minor females who may have interacted with captioned subjects.

b6
b7C
b7E

Set Lead 2: (Action)

NEW YORK

AT [redacted] NY

Locate and interview [redacted] telephone [redacted] recent address as [redacted] NY. Determine from [redacted] any additional minor females who may have interacted with captioned subjects.

b6
b7C

♦♦

HOUSE_OVERSIGHT_021503

(Rev. 06-04-2007)

FEDERAL BUREAU OF INVESTIGATION

Precedence: PRIORITY **Date:** 03/05/2008

To: Miami **Attn:** [redacted]
Third Party Draft

b6
b7C

Attn: SA [redacted]
PB-2/PBCRA

From: Miami
PB-1/PBCRA
Contact: AFI [redacted]

Approved By: [redacted]

Drafted By: [redacted]

Case ID #: 31E-MM-108062 ~~(Pending)~~

Title: JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

Synopsis: This EC was originally submitted on 5/1/07 but not uploaded or filed and is therefore being resubmitted. Request advance of $[redacted] for certified copies [redacted] reference captioned case.

b3

Enclosure(s): Enclosed for Third Party Draft is a copy of a certification request sheet for [redacted] to be submitted to the State of Delaware, Division of Corporations.

Details: On 4/27/07, Assistant U.S. Attorney [redacted] requested that AFI [redacted] obtain certified copies [redacted]

b3
b6
b7C

5/1/07, AFI [redacted] telephonically contacted the State of Delaware, Division of Corporations (DEDOC) regarding the procedure for obtaining [redacted] The DEDOC representative advised that [redacted] The DEDOC representative also confirmed that no taxes

File

L1/[redacted]/121[redacted]02.ec 31E-MM-108062-135

b6
b7C

are charged for these records (as the FBI is a tax exempt entity). The DEDOC indicated that a "Priority 7" day certification request would take approximately two weeks to process. In addition, the DEDOC gave a quote for the various records and a total amount for the corporate records to be requested outlined as follows:

[redacted] b3

Total: $[redacted]

Third Party Draft is requested to issue AFI [redacted] an advance check in the amount of [redacted] b3 b6 b7C [redacted] will provide an invoice for these records once obtained from the Delaware Secretary of State. It should be noted that the receipt of the invoice will take 14 to 20 days.

For information of Third Party Draft in order to create a vendor account for the DEDOC:

Delaware Secretary of State
Division of Corporations
John G. Townsend Building
401 Federal Street
Suite 4
Dover, DE 19901
tel: (302) 739-3073

HOUSE_OVERSIGHT_021505

LEAD(s):

Set Lead 1: (Info)

MIAMI

AT MIAMI, FL

Miami Third Party Draft is requested to issue AFI [redacted] an advance check in the amount of $[redacted] made payable to "Delaware Secretary of State" in order to obtain certified copies [redacted] will provide an invoice for these records once obtained from the Delaware Secretary of State. It should be noted that the receipt of the invoice will take 14 to 20 days.

b3
b6
b7C

♦♦

HOUSE_OVERSIGHT_021506

(Rev. 06-04-2007)

FEDERAL BUREAU OF INVESTIGATION

Precedence: PRIORITY **Date:** 03/05/2008

To: Miami **Attn:** [redacted] b6
Third Party Draft b7C

Attn: SA [redacted]
PB-2/PBCRA

From: Miami
PB-1/PBCRA
Contact: AFI [redacted]

Approved By: [redacted]

Drafted By: [redacted]

Case ID #: 31E-MM-108062 ~~(Pending)~~

Title: JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

Synopsis: This EC was originally submitted on 5/1/07 but not uploaded or filed and is therefore being resubmitted. Request advance of $[redacted] to pay for certified copies [redacted] b3
[redacted] reference captioned case.

Enclosure(s): Enclosed for Third Party Draft is a copy of a certification request sheet for [redacted] to be submitted to the State of Delaware, Division of Corporations.

Details: On 4/27/07, Assistant U.S. Attorney [redacted] [redacted] requested that AFI [redacted] obtain b3
certified copies [redacted] for b6
the purpose of prosecution of captioned case and potential b7C
[redacted]

5/1/07, AFI [redacted] telephonically contacted the State of Delaware, Division of Corporations (DEDOC) regarding the procedure for obtaining [redacted] The DEDOC representative advised that [redacted]
[redacted] The DEDOC representative also confirmed that no taxes

b6
b7C

File [redacted]

L1/[redacted]/121[redacted]01.ec

31E-MM-108062-136

are charged for these records (as the FBI is a tax exempt entity). The DEDOC indicated that a "Priority 7" day certification request would take approximately two weeks to process. In addition, the DEDOC gave a quote for the various records and a total amount for the corporate records to be requested outlined as follows:

[redacted] b3

Total: $[redacted]

Third Party Draft is requested to issue AFI [redacted] an advance check in the amount of $[redacted] made payable to "Delaware Secretary of State" in order to obtain certified copies [redacted] AFI [redacted] will provide an invoice for these records once obtained from the Delaware Secretary of State. It should be noted that the receipt of the invoice will take 14 to 20 days. b3 b6 b7C

For information of Third Party Draft in order to create a vendor account for the DEDOC:

Delaware Secretary of State
Division of Corporations
John G. Townsend Building
401 Federal Street
Suite 4
Dover, DE 19901
tel: (302) 739-3073

HOUSE_OVERSIGHT_021508

LEAD(s):

Set Lead 1: (Info)

MIAMI

AT MIAMI, FL

Miami Third Party Draft is requested to issue AFI [redacted] an advance check in the amount of $[redacted] made payable to "Delaware Secretary of State" in order to obtain certified copies [redacted] AFI [redacted] will provide an invoice for these records once obtained from the Delaware Secretary of State. It should be noted that the receipt of the invoice will take 14 to 20 days.

b3
b6
b7C

♦♦

HOUSE_OVERSIGHT_021509

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 09/04/2007

[redacted] date of birth [redacted] was interviewed at his residence [redacted], New York, New York. [redacted] was advised of the identity of the interviewing agents and the purpose of the interview. [redacted] voluntarily provided the following information:

[redacted] has known Jeffrey Epstein [redacted] Epstein left the New York Academy of the Arts when he believed inappropriate financial activity was occurring.

Epstein is a strong supporter of scientific research and has donated 15 to 30 million dollars to Harvard. He has also funded approximately 150 additional scientists including Nobel Prize winner John Watson, co-founder of DNA. Epstein's scientific interests include the functioning of the brain, life creation and eternal life.

[redacted] Epstein is an owner of Seed Media Group which maintains an internet scientific web log(blog). [redacted]

[redacted] indicated that [redacted] may be able to provide more information regarding Epstein. [redacted] is an [redacted]

[redacted] stated Epstein does not always tell the truth and [redacted] He stated Epstein is not a good person and described him as a contrarian.

[redacted] mentioned that Epstein had recently suffered a financial loss [redacted]

Investigation on 08/23/2007 at New York, NY

File # 31E-MM-108062 Date dictated 09/04/2007

by SA [redacted]

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31E-MM-108062-137

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 09/11/2007

Pursuant to a federal investigation regarding the sexual exploitation of minors, [redacted] was interviewed by the Federal Bureau of Investigation(FBI). Present during the interview was [redacted] and Assistant United States Attorney [redacted]. After being advised of the identity of the interviewing agents and purpose of the interview, [redacted] voluntarily provided the following information:

[redacted] the New York Academy of Arts(NYAA) board, met Jeffrey Epstein through NYAA functions. In the 1990's, the time period she met Epstein, [redacted] was lecturing and working with student services at the NYAA. Epstein was a former NYAA board member.

[redacted] could provide additional information regarding Epstein and his association to the NYAA at which time [redacted] engaged in conversation with the interviewing agents. [redacted] advised that Epstein was a NYAA board member in the 1980's into the early 1990's. Epstein was a social acquaintance with artist Andy Warhol. Epstein allowed the board to have meetings at his apartment as well as his office space located in the Villard House, corner of Madison Avenue and 53rd Street, New York, New York. Epstein attended NYAA parties and supported the school financially but he was not considered to be [redacted] stated Epstein was in the "social orbit of the school" meaning Epstein was more involved socially with the school than intellectually. Epstein frequently purchased artwork at the NYAA auctions and sponsored benefit tables. Epstein was consistent in his support of NYAA events. Epstein left the NYAA in the 1990's. [redacted] opined that Epstein resigned because [redacted] Epstein's long time girlfriend was [redacted]

Following the information provided by [redacted] then continued the interview. [redacted] estimated Epstein's contributions to the NYAA at $5,000-$20,000 per year. Epstein showed no particular interest in any type of art. Epstein had a [redacted]

Investigation on 09/06/2007 at West Palm Beach, Florida (telephonically)

File # 31E-MM-108062 Date dictated 09/11/2007

by SA [redacted]

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31E-MM-108062-138

[redacted] Epstein's residence in Ohio and returned very upset. [redacted] did not know the details but believed she was hurt possibly by a verbal suggestion made by Epstein.

[redacted] painted portraits of [redacted]. [redacted] stated she was viewing one of the paintings of [redacted] as she was talking to the interviewing agents. The painting she was viewing depicted [redacted] She described the painting as odd, slightly risque but well done. [redacted] had taken photographs of [redacted] and used them for her paintings. [redacted] stated that Epstein had no interaction with [redacted].

[redacted] traveled to Santa Fe, New Mexico in approximately [redacted] including [redacted] traveled to Santa Fe to attend an art workshop on the human figure. The instructor for the workshop was [redacted] (phonetic). [redacted] believed the students were selected to attend the workshop based on merit. [redacted] visited Epstein at his residence. [redacted] the town where Epstein's New Mexico residence is located and the town is the entrance to Epstein's property.

[redacted] provided her email address, [redacted]

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/05/2007

[redacted] date of birth [redacted] Social Security Account Number [redacted] cellular telephone [redacted] [redacted] residence [redacted] Florida, currently employed by [redacted] Florida was interviewed at Starbucks, [redacted] Florida. [redacted] was advised of the identity of the interviewing agent and purpose of the interview. [redacted] voluntarily provided the following information:

[redacted] was asked by the interviewing agent if she had knowledge of a man named Jeffrey Epstein. She believed she recognized the name Jeffrey Epstein and described him [redacted]

[redacted] has had no contact with a man named Jeffrey Epstein, in his 50's, who lived in Palm Beach, Florida. [redacted] was unaware of any other individuals who have had any contact with Jeffrey Epstein of Palm Beach, Florida.

Investigation on 10/02/2007 at [redacted] Florida

File # 31E-MM-108062 Date dictated 10/05/2007

by SA [redacted]

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

31E-MM-108062-139

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31E-MM-108062

[redacted]

1

Pursuant to a federal investigation regarding the sexual exploitation of minors, [redacted] was interviewed by the FBI. [redacted] identifying information is recorded below:

Name:	[redacted]
Maiden Name	
Race:	White
Sex:	Female
DOB:	[redacted]
SSAN:	
Home Address:	
Home Telephone:	

31E-MM-108062-142

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31E-MM-108062
[redacted]

1

Pursuant to a federal investigation regarding the sexual exploitation of minors, [redacted] was interviewed by the FBI. [redacted] identifying information is recorded below:

Name:	[redacted]
Race:	White
Sex:	Female
DOB:	[redacted]
SSAN:	
Mailing Address:	
Cellular Telephone:	
Emergency Contact:	

31E-MM-108062-144

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b7C

31E-MM-108062
[redacted]

1

Pursuant to a federal investigation regarding the sexual exploitation of minors, [redacted] was interviewed by the FBI. [redacted] identifying information is recorded below:

Name:	[redacted]
Race:	White
Sex:	Female
DOB:	[redacted]
SSAN:	
Address:	
Cellular Telephone:	

31E-MM-108062-145

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/06/2007

[redacted] telephone [redacted] was interviewed telephonically after she left a voice mail message on the undersigned agent's cellular telephone. [redacted] asked the case agents to contact [redacted] regarding private investigators who had visited [redacted] residence. [redacted] was advised of the identity of the interviewing agent and purpose of the interview. [redacted] voluntarily provided the following information:

On November 2, 2007, private investigator [redacted] and [redacted] residence. Initially [redacted] and another name [redacted] could not recall, before he said [redacted] was working on behalf of attorney's for Jeffrey Epstein. [redacted] if the FBI or the original detectives ever said anything to [redacted] about a monetary settlement. [redacted] told [redacted] that she and [redacted] had not been approached by the FBI nor the original detectives regarding a monetary settlement.

[redacted] last remarks were, [redacted]

Investigation on 11/02/2007 at [redacted] Florida (telephonically)

File # 31E-MM-108062 Date dictated 11/06/2007

by SA [redacted]

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31E-MM-108062-146

FD-302 (Rev. 10-6-95)

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/29/2007

[redacted] date of birth [redacted] Social Security Account Number [redacted] Florida, cellular telephone [redacted] was interviewed telephonically pursuant to a federal investigation regarding the sexual exploitation of minors. [redacted] was advised of the identity of the interviewing agent and purpose of the interview. [redacted] voluntarily provided the following information:

[redacted] years old when she met Jeffrey Epstein through her friend [redacted] was Epstein's [redacted] when she was approximately [redacted] years old after Epstein approached her in New York. Epstein provided [redacted]

[redacted] to travel to Epstein's residence in Palm Beach, Florida. She believed she first visited Epstein's residence on a [redacted] Once at the residence, [redacted] met Epstein and he seemed nice. Epstein requested [redacted]

[redacted] returned to Epstein's residence after they went shopping. [redacted]

Investigation on 11/28/2007 at West Palm Beach, Florida

File # 31E-MM-108062 Date dictated 11/29/2007

by SA [redacted]

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31E-MM-108062-147

[redacted] was uncomfortable with the situation. Before leaving the residence, [redacted] to return to Epstein's residence to receive a massage at a later date.

The day following [redacted] first contact with Epstein, believed to be [redacted] went to a [redacted] other girls. All of the girls in the group were attractive and some looked like strippers. Epstein had very little interaction with [redacted] but was hanging on the rest of the girls. Epstein did place his hand on the small of [redacted] back at one point and caressed her shoulder.

The next day, [redacted] believed to be [redacted] went to Epstein's residence to receive a free massage. [redacted] went to an upstairs guest room area of the residence where a massage table had been placed. The guest room overlooked the driveway of the residence. [redacted] removed her clothing at the instruction of the masseuse, leaving only her panties on. Epstein entered the room during [redacted] massage and insisted that [redacted] was very uncomfortable with the situation and felt set up and violated. During their interaction in the guest room, [redacted]

Epstein would make sexual comments toward [redacted] LNU. [redacted] could not recall any specific comments but she advised that Epstein would twist things into a sexual nature. Epstein kissed many of the girls.

[redacted] stated Epstein's residence had a black and white kitchen. [redacted] but could not recall his name or appearance.

[redacted] telephonically contacted [redacted] on several additional occasions inviting [redacted] back to Epstein's residence and offering [redacted] declined [redacted] invitations.

FD-350 (Rev. 5-8-81)

(Indicate page, name of newspaper, city and state.)
1B / 7B / The Palm Beach Post
West Palm Beach, FL
Date: 1/25/2008
Edition:

Title: Palm Beach man faces lawsuit in teen sex case

Character or classification: 31E-MM-108062
Filing Office: MM

Mount Clipping in Space Below)

'This was a typical 14-year-old girl. ... What happened here was despicable.'

JEFFREY HERMAN, lawyer for parents of girl, now 17, who accuses Jeffrey Epstein of sexual assault

Palm Beach man faces lawsuit in teen sex case

By LARRY KELLER
Palm Beach Post Staff Writer

WEST PALM BEACH — The parents of a teenage girl sued part-time Palm Beach resident Jeffrey Epstein for more than $50 million on Thursday, alleging that the wealthy money manager had her brought to his mansion for a massage, then engaged in sexual activity with her.

The girl, identified only as Jane Doe, was 14 at the time. She was the youngest of several alleged victims of Epstein, according to Palm Beach police, who spent 11 months investigating him.

The federal lawsuit, filed by Miami attorney Jeffrey Herman, says "Epstein has a sexual preference and obsession for underage minor girls." Epstein "gained access to primarily disadvantaged minor girls in his home, sexually assaulted these girls, and then gave them money."

Herman, who specializes in child sex abuse litigation, sued on behalf of the girl, her father and her stepmother on grounds of sexual assault, intentional infliction of emotional distress and loss of parental consortium.

"Jane Doe ... fell into Epstein's trap and became one of his victims," the lawsuit says.

"We're dismayed by the filing of the lawsuit, but not surprised," said Jack Goldberger, one of Epstein's attorneys. "We think this shows what this case is all about: money."

Lawyer Jeffrey Herman (left) conducts a news conference Thursday with the father and stepmother of a girl who claims wealthy money manager Jeffrey Epstein assaulted her in 2005. The parents seek more than $50 million in their lawsuit. Epstein, who faces a prostitution solicitation charge, is scheduled to enter a plea March 10.

BILL INGRAM
Staff Photographer

He and another Epstein attorney, Lilly Ann Sanchez, launched an immediate counteroffensive, even showing up at Herman's news conference outside the federal courthouse in West Palm Beach. They distributed copies of documents showing that the girl's father and stepmother have prior arrests for financial crimes the lawyers say show the lawsuit is financially motivated. Another Epstein lawyer, Gerald Lefcourt, a prominent New York criminal defense attorney, provided some of those

See EPSTEIN, 7B ▶

31E-MM-108062-18

Epstein paid girl $300, suit claims

▶ EPSTEIN *from 1B*

documents to Goldberger.

"Jeffrey Epstein did not have sex with this woman," Sanchez said.

Herman suggested that Epstein masturbated in front of the alleged victim and used a vibrator on her after she was brought to his home in February 2005. The girl is now 17.

"This was a typical 14-year-old girl at the time she met Epstein," Herman said. "What happened here was despicable."

The girl told police investigators that she informed Epstein she was 18 when she met him, and she said that was her age on her Web page, Sanchez said.

The girl's father and stepmother also attended the news conference.

"We're very angry," the father said. "It's not right that this wealthy man can fly into town and destroy my daughter's innocence." He did not take questions.

Epstein, 55, is a mysterious New York money manager who owns a Manhattan mansion, as well as homes in Palm Beach, New Mexico and the Virgin Islands.

A Palm Beach County grand jury indicted him in July 2006 on one count of felony solicitation of prostitution stemming from alleged incidents between Aug. 1 and Oct. 31, 2005.

Epstein is scheduled to enter a plea in the case on March 10, but he has postponed other court dates to resolve the case.

Epstein

His indictment followed an exhaustive investigation by the Palm Beach Police Department, which concluded that Epstein paid underage girls and young women to be brought to his five-bedroom, 7½-bath Intracoastal home for massages and sometimes sex play. Much of the language in the Jane Doe suit mirrors that of police reports in the case.

Herman's client said her meeting with Epstein was set up by Haley Robson of Loxahatchee, who was a Palm Beach Community College student at the time. When Jane Doe arrived at Epstein's home, she was escorted by an Epstein assistant, Sarah Kellen, to a room with a massage table, police reports and the lawsuit say.

Epstein walked in wearing only a towel, removed it and lay naked on the massage table, the lawsuit says. He demanded that Jane Doe remove her clothing, and she did, except for her underwear, the lawsuit alleges. The sexual activity followed, the suit says.

Epstein paid her $300 afterward, and Robson got $200 for bringing the girl to him, the lawsuit says.

Robson and Kellen helped Epstein arrange other liaisons with girls, Palm Beach police concluded. Neither was charged.

This is not the first time Epstein has been sued over purported activities with teenage girls. He was sued in New York in October by a woman who says she had sex with Epstein when she was 16 and had sought his help in becoming a model.

The lawsuit filed Thursday also alleges that Epstein has assaulted girls on his private island in the Virgin Islands. Herman declined to elaborate on that assertion.

@ larry_keller@pbpost.com

FD-350 (Rev. 5-8-81)

Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)
1B / 5B / The Palm Beach Post
West Palm Beach, FL
Date: 2/1/2008
Edition:

Title: Part-time Palm Beacher faces another sex suit

Character or Classification: 31E-MM-108062
Submitting Office: MM

Indexing:

Part-time Palm Beacher faces another sex suit

By LARRY KELLER
Palm Beach Post Staff Writer

WEST PALM BEACH — For the second time in two weeks, part-time Palm Beach resident Jeffrey Epstein has been sued for more than $50 million by a woman who contends that he engaged in sexual activity with her when she was a minor after enticing her to give him a massage at his home.

Epstein

More lawsuits may follow, Miami lawyer Jeffrey Herman said. "I'm aware of other victims," he said. "I have been contacted."

Herman filed a similar lawsuit against Epstein on Jan. 24 on behalf of a girl identified as "Jane Doe," her father and stepmother. The girl, now 17, says she was 14 when she gave Epstein a sexually tinged massage at his home.

The latest alleged victim is identified as "Jane Doe No. 2." She went to Epstein's Palm Beach mansion in 2004 or 2005 when she was 16, the lawsuit alleges. She says another girl recruited her to go there to give Epstein a massage.

Once there, she alleges, she was led to an upstairs room with a massage table. Epstein came in wearing only a towel around his waist and told her to remove her clothes. She did, except for her bra and panties, according to the lawsuit.

Epstein removed his towel, rolled onto his back, masturbated and touched Jane Doe No. 2 sexually, according to the lawsuit filed in federal court in West Palm Beach on Wednesday.

Jane Doe No. 2 was paid $200 afterward, and the girl who recruited her was given

See EPSTEIN, 5B ▶

31E-MM-108062-149

1 plaintiff's parents at odds over suit

▶ EPSTEIN *from 1B*

$100, according to the lawsuit. The two attended the same Palm Beach County high school. Jane Doe No. 2 is now 19 and living in Virginia, Herman said.

Both lawsuits contend that Epstein, 55, targeted "economically disadvantaged girls from western Palm Beach County" who were perceived as less likely to complain to authorities, or whose credibility would be questioned if they did.

"Both complaints are full of lies," said Guy Lewis, former U.S. attorney in Miami and one of Epstein's many attorneys. Jane Doe No. 2's lawsuit "is an outrageous, defamatory copycat of the first."

There has been a twist in the first Jane Doe lawsuit. Her mother in Georgia contends that her former husband — Jane Doe's father — consulted with neither of them before filing the lawsuit. She is asking a judge to halt the litigation until her daughter turns 18 in May and can make her own decisions.

The mother asked in court filings to be added to the lawsuit, saying she "has suffered and will continue to suffer severe mental anguish and pain" as a result of Epstein's "reckless conduct."

Jane Doe "just didn't want the lawsuit going forward with the father's involvement," said Ted Leopold, the mother's attorney. "She wanted to pursue it on her own. The father essentially did this on his own."

Jane Doe has been estranged from her father since Thanksgiving, Leopold said. "That's why it's even stranger what he did," he said.

The girl's mother is asking a judge in their divorce case to find the father in contempt of court for violating their divorce decree by not conferring with her on a matter involving their daughter.

"The father has sole custody and has the right to make decisions on his daughter's rights," Herman said.

Epstein is a wealthy New York money manager who has counted Bill Clinton, Donald Trump and Britain's Prince Andrew among his friends. He was the target of a lengthy investigation into his activities with girls by the Palm Beach Police Department that resulted in his indictment in July 2006 on one count of felony solicitation of prostitution. That case is pending.

Epstein has been sued in New York by a woman who says he had sex with her when she was 16. Herman said he has received calls from others making the same assertions in that state.

Herman convened a news conference Wednesday on the middle bridge connecting West Palm Beach and Palm Beach.

"This is the bridge ... these girls were recruited to come over and give a massage," he said. "When they crossed this bridge, they had no idea what was in store for them, This is a bridge of tears."

Herman has described both Jane Does as typical teenage girls Epstein robbed of their innocence.

But Harvard University law Professor Alan Dershowitz, another Epstein attorney, provided the state attorney's office with information gleaned from the myspace.com Web site two years ago showing that some of Epstein's alleged victims boasted of their alcohol and marijuana use.

Herman said the girls' backgrounds aren't relevant to Epstein's purported behavior. "They don't have the mental capacity to consent to something like this with a grown man," he said.

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FD-350 (Rev. 5-8-81)

Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)
1B / The Palm Beach Post
West Palm Beach, FL
Date: 2/27/2008
Edition:

Title: Girl drops lawsuit against Palm Beach man

Character or Classification: 31E-MM-108052
Submitting Office: MM

Indexing:

Girl drops lawsuit against Palm Beach man

By LARRY KELLER
Palm Beach Post Staff Writer

A girl who says that wealthy money manager and part-time Palm Beach resident Jeffrey Epstein engaged in sexual activity with her when she was 14, has dropped her lawsuit against him because her divorced parents are squabbling over the litigation.

"It has to do with the fact that the parents aren't on the same page right now," said Jeffrey Herman, the attorney for the girl, identified in court papers only as Jane Doe. "It's like a sideshow."

The girl turns 18 in May and can sue again at that time without her parents' involvement, Herman said.

Herman sued Epstein last month on behalf of the girl, her father and her stepmother. Her birth mother, who lives near Atlanta, then asked to intervene on her daughter's behalf and asked that the litigation be halted until her daughter turns 18.

Epstein
Accused of sexually assaulting then-14-year-old girl.

The mother complained that Jane Doe's father did not consult with her or their daughter before suing Epstein for $50 million. The lawsuit alleges sexual assault, intentional infliction of emotional distress and loss of parental consortium. Herman also represents a Jane Doe No. 2 who, like Jane Doe, claims Epstein summoned her to his home for a massage when she was a minor and sexually touched her.

Epstein, 55, induced several underage girls to give him sexual massages at his Intracoastal home, a Palm Beach Police Department investigation concluded. He was indicted in July 2006 on a single count of felony solicitation of prostitution. The case is pending.

Jane Doe's parents separated two months after she was born at Good Samaritan Medical Center, according to court records. The couple's subsequent divorce has been contentious. Each has had primary custody of the girl at various times.

The father pleaded guilty to federal fraud charges in 2001 and was sentenced to 21 months in federal prison, plus three years' probation. The U.S. attorney overseeing his prosecution was Guy Lewis. Now in private practice, Lewis was hired by Epstein to defend him against the father's lawsuit filed on behalf of Jane Doe.

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31E-MM-108052-150

FD-350 (Rev. 5-8-81)

Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)
3B / The Palm Beach Post
West Palm Beach, FL
Date: 3/6/2008
Edition:

Title: Another suit alleges sex during massages

Character or Classification: 31E-MM-108062
Submitting Office: MM

Indexing:

Another suit alleges sex during massage

By LARRY KELLER
Palm Beach Post Staff Writer

WEST PALM BEACH — Another woman filed a federal lawsuit against Jeffrey Epstein on Wednesday, alleging that he turned a massage she gave him at his Palm Beach mansion into a sexual episode when she was 16 years old.

Identified as "Jane Doe No. 3," she is seeking more than $50 million, the same as two other "Jane Does" who filed similar lawsuits in the past six weeks. All three suits were filed by Miami lawyer Jeffrey Herman.

Herman subsequently withdrew the first Jane Doe's lawsuit because of squabbling by her parents over the litigation. The girl may refile the suit after she turns 18 in May and can make her own decisions, Herman said.

Other alleged victims also have contacted him, Herman said. "I do anticipate more cases," he said.

In the latest litigation, Jane Doe No. 3 alleges that she was recruited by a former college student, Haley Robson, to give Epstein a massage for money at his waterfront home late in 2004 or early in 2005.

The lawsuit alleges that, while on the massage table, Epstein sexually touched Jane Doe No. 3, then masturbated. She is suing on grounds of sexual assault and intentional infliction of emotional distress.

"She felt intimidated. She felt scared," Herman said. Jane Doe No. 3 made only the one visit to Epstein's home, he said.

"It's just another copycat lawsuit filed by the same lawyer who appears less interested in the truth than in grandstanding with these press conferences," said Jack Goldberger, one of Epstein's attorneys. "We now have sworn testimony that girls lied about their age to Jeffrey Epstein, and they were careful in being convincing that they were over the age of 18."

Herman said Robson instructed Jane Doe No. 3, "When he asks how old you are, tell him 18 or 19 years old." But he said it doesn't matter. "They were underage girls," Herman said. "They were sexually assaulted."

In addition to the civil lawsuits, Epstein was indicted on a single count of felony solicitation of prostitution in July 2006 after a lengthy Palm Beach Police Department investigation into his activities with underage girls at his home. A resolution has been delayed continually. The case is on Monday's court docket but is expected to be rescheduled once again.

"One of the reasons (Jane Doe No. 3) came forward is she is tired of waiting for justice," Herman said.

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31E-MM-108062-150

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Automated Serial Permanent Charge-Out
FD-5a (1-5-94)

Date: 04/02/08 Time: 13:21

Case ID: 31E-MM-108062 Serial: 152

Description of Document:

Type : FD302
Date : 03/20/08
To : MIAMI
From : [redacted]
Topic: [redacted] WAS INTERVIEWED AT THE NEW YORK

Reason for Permanent Charge-Out:

Error in serializing.

Employee [redacted]

31E-mm-108062-152

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b7C

Automated Serial Permanent Charge-Out
FD-5a (1-5-94)

Date: 04/02/08 Time: 13:21

Case ID: 31E-MM-108062 Serial: 153

Description of Document:

Type : EC
Date : 03/27/08
To : MIAMI
From : NEW YORK
Topic: TO COVER LEAD SET BY THE MIAMI DIVISION,SERIAL 134,LEAD 1

Reason for Permanent Charge-Out:

Error in serializing.

Employee [redacted]

31E-mm-108062-153

FD-302 (Rev. 10-6-95)

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 03/24/2008

[redacted] (hereafter referred to as [redacted], date of birth [redacted] New York, NY 10019, cellular telephone number [redacted] was interviewed at the New York Office of the Federal Bureau of Investigation (FBI), located at 26 Federal Plaza, New York, NY 10278. After being advised of the identity of the interviewing agents and the nature of the interview, [redacted] provided the following information:

[redacted] stated she is currently employed at [redacted] in New York, NY and is also a [redacted]

[redacted] added that prior to that she was [redacted]

Investigation on 03/20/2008 at New York, NY

File # 31E-MM-108062-154 Date dictated

by [redacted]

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31E-MM-108062-154

[redacted] told the girls that [redacted] knew a man by the name of JEFFREY LNU who would pay $300.00 to girls who would give him a massage. [redacted] that it was very legitimate and that he never touched them, he just wanted to see a pretty girl giving him a massage at home.

[redacted] was suspicious and wondered why he would pay so much money just for a just a massage. [redacted] told her it was very easy money and she was not required to do anything else but massage him. [redacted] just wanted to have pretty young girls around him.

[redacted] and told her that she had made an appointment for [redacted] to go to JEFFREY's house to give him a massage. [redacted] had never agreed to this but felt obligated to go to the appointment now that [redacted] had set it up. [redacted] gave her the address of JEFFREY's apartment which was located on 63rd street at Central Park East (from what she can recall). She also remembered the apartment was adjacent to the Ralph Lauren store in the Upper East Side, NYC. [redacted] was still apprehensive about going but since the appointment was during the day she figured nothing bad could happen.

She recalled that the apartment was a four story brownstone and when she pressed the buzzer a maid answered the door. [redacted]

In a minute or so JEFFREY came downstairs and introduced himself. She described him as a man in his 60's with salt and pepper hair and about 5'9". [redacted] He then took her to a room that was set up like a massage parlor complete with massage table and an assortment of massage oils, lotions, and other aroma-therapy products.

JEFFREY then explained that he wanted her to strip to her underwear and massage him. [redacted] declined but did take some of her clothes off. She left on a tank top and what she called [redacted] JEFFREY then left the room and returned fully undressed with the exception of a

towel he had wrapped around his waist. JEFFREY laid down on the massage table face down and kept the towel on. [redacted] then massaged his back and legs. JEFFREY at no time touched her or disrobed in front of her. After 20 minutes of being massaged he got off the table and paid her $300.00 in $100.00 bills. (It should be noted that [redacted].

After the massage was over, JEFFREY told [redacted]

About a week later, [redacted] again and told her she had set up another appointment. [redacted] about it and said that she should go with her and they could both make some easy money. [redacted] about her experience [redacted]

The girls then went to JEFFREY's apartment and he again led them to the massage room. He asked them both to take their clothes off which they refused. [redacted]. JEFFREY then went to the other room, and came back undressed with a towel wrapped around his waist.

The girls then began to massage him and then JEFFREY asked [redacted]

[redacted] received a call from a [redacted] JEFFREY EPSTEIN's office. She left a message on [redacted] cell phone (which is the same number she has currently) telling her that she needed to call [redacted] back as soon as possible. [redacted] did not return her call as she did not know who these people were. A few minutes later, [redacted]

worked at JEFFREY EPSTEIN's office and he was the same JEFFREY that she had met and had massaged. [redacted] told her to give [redacted] a call [redacted] called the number on her caller ID and it was the business number for JEFFREY's office. A woman by the name of [redacted] LNU called and said [redacted] would call her right back.

[redacted] immediately called [redacted] and told her that she needed to contact [redacted] and needed her cell phone number which [redacted] provided.

A few minutes later, [redacted] and asked that she go with her to JEFFREY's house. [redacted] agreed and it was the same scenario as the previous visit. Once again, after a few minutes of [redacted]

[redacted] knew from talking to the other girls like [redacted] was still going to JEFFREY's house even after

[redacted]

[redacted]

[redacted] heard through [redacted] and [redacted] When asked what she meant by that she replied they would have sex with him.

Moreover, [redacted] JEFFREY's office to [redacted] the building being located on 53rd street between Madison and Park avenues in NYC. [redacted]

[redacted]

However, she had overheard [redacted] brag to the other girls about going on a trip with JEFFREY to West Palm Beach, Florida. She was going on about going to West Palm Beach on a boat and having a great time in Florida. [redacted] probably went on a trip if not several trips with JEFFREY to Miami and West Palm Beach, FL but did not have further information on this matter.

[redacted]

[redacted] stated that JEFFREY EPSTEIN used to like to boast about all the celebrities he knew and [redacted] and make calls to celebrities in the movie industry while he was getting a massage. JEFFREY at one point had claimed to know, GELSEY KIRKLAND, a famous ballet star, KIERA KNIGHTLY among others. He thought this would impress her but since [redacted]

Nonetheless, [redacted] is cognizant that JEFFREY has a lot of money and power and now that this has come to light, [redacted]

[redacted]

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FD-302 (Rev. 10-6-95)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 03/26/2008

[redacted] (hereafter referred to as [redacted], date of birth [redacted] New York, NY 10019, cellular telephone number [redacted] telephonically contacted Special Agent (SA) [redacted] of the New York Division of the Federal Bureau of Investigation (FBI). [redacted] provided the following information:

[redacted] stated her friend [redacted] had called her [redacted] informed SA [redacted] that she was concerned about [redacted] regarding her involvement with JEFFREY EPSTEIN.

[redacted]

Investigation on 03/25/2008 at New York, NY (telephonically)

File # 31E-MM-108062 -155 Date dictated

by [redacted]

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

31E-MM-108062-155

[redacted]

[redacted] was asked if she ever heard about JEFFREY taking pictures or videos of the girls who provided massage services. She stated she had no knowledge regarding that aspect of JEFFREY EPSTEIN's life.

(Rev. 06-04-2007)

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FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE **Date:** 03/27/2008

To: Miami **Attn:** PB-2/PBCRA
SA [redacted]

From: New York
C-20
Contact: [redacted]

Approved By: [redacted]

Drafted By: [redacted]

Case ID #: 31E-MM-108062 -156 ~~(Pending)~~

Title: JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION;

Synopsis: To cover lead set by the Miami Division, serial 134 lead 1.

Enclosure(s): For the Miami Division the following documents have been enclosed:

1. One original and two copies of FD-302 reflecting interview with [redacted] dated 03/20/2008 with original notes in a 1-A envelope.

2. One original and two copies of FD-302 reflecting interview with [redacted] dated 03/25/2008 with original notes in a 1-A envelope.

Details: [redacted] was interviewed at the NYO FBI office on 03/20/2008. [redacted] then contacted writer telephonically after the first interview to provide additional information on 03/25/2008.

Some of most salient facts that were discovered during these interviews are as follows:

[redacted]

31E-MM-108062-156

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The NYO considers this lead covered. However, given the fact that there is the possibility that other minors are involved in the NY territory, investigation continues in this matter.

♦♦

HOUSE_OVERSIGHT_021538

FD-302 (Rev. 10-6-95)

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 03/22/2008

[redacted] NY, cell phone [redacted], date of birth [redacted] was advised of the identities of the interviewing agents and the purpose of the interview and provided the following information:

[redacted] describes [redacted] as a party girl. [redacted] and was employed [redacted] she was making $300 per session for giving a massage to JEFFREY EPSTEIN. [redacted] was introduced to massages for EPSTEIN through a girl named [redacted] (Last Name Unknown) who lives in [redacted] New York.

EPSTEIN brings girls into his home, [redacted] described as a mansion on the east side of Manhattan, and has them give him massages in a spa-like room. [redacted]

[redacted] described EPSTEIN as [redacted] throughout the duration of the massage. He apparently knew a lot of celebrities. He claimed he could get [redacted] knew very little of EPSTEIN's life while she was involved in giving him

indexed 4/24/08 [redacted]

Investigation on 03/17/2008 at [redacted] New York

File # 31E-MM-108062 - 157 Date dictated

by [redacted]

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

31E-MM-108062-157

massages but learned more about him from the internet. [redacted] was inattentive toward the names and ages of girls she knew of that were involved in these massages but, in retrospect, she believes some would have been underage. [redacted] was underage when she started out with EPSTEIN. [redacted] does not like [redacted]

[redacted] estimates that these sessions spanned [redacted] month period. [redacted] was not a minor when she was dealing with EPSTEIN. [redacted] was unaware of locations or residences beyond Manhattan and was [redacted] for EPSTEIN.

(Rev. 06-04-2007)

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FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE **Date:** 04/22/2008

To: Miami **Attn:** SA [redacted]

[redacted] **From:** New York
C41
Contact: SA [redacted]

Approved By: [redacted]

Drafted By: [redacted]

Case ID #: 31E-MM-108062- ~~(Pending)~~ 158

Title: JEFFREY EPSTEIN;
[redacted]
WSTA-CHILD PROSTITUTION

Synopsis: Response to lead at [redacted] New York, to interview [redacted] FD-302 attached. This lead is completed.

Details: [redacted] was interviewed regarding above captioned matter. Results set forth in attached FD-302.

LEAD(s):

Set Lead 1: (Action)

MIAMI

AT PBCRA

Read and Clear.

♦♦

UPLOADED
WITH TEXT ✓
WITHOUT TEXT
BY 3
DATE 4/24/08

31E-MM-108062-158

FD-350 (Rev. 5-8-81)

Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)
1B / The Palm Beach Post
West Palm Beach, FL
Date: 3/18/2008
Edition:

Title: Girl sues Epstein, two others she says conspired in massages

Character or
Classification: 31E-MM-108062
Submitting Office: MM

Indexing:

Girl sues Epstein, two others she says conspired in massages

Jane Doe,' 17, sues in state court after dropping a federal suit.

By LARRY KELLER
Palm Beach Post Staff Writer

WEST PALM BEACH — A former Palm Beach Community College student who police say procured underage girls to give Jeffrey Epstein sexual massages at his Palm Beach mansion, and Epstein's personal assistant have been sued along with Epstein over their alleged conduct.

The girl behind the lawsuit was 14 years old when she contends he engaged in sexual conduct with her after she went to his waterfront home in 2005 to give him a massage. Her lawsuit, filed under the name Jane Doe, seeks unspecified damages from Epstein for sexual assault and intentional infliction of emotional distress.

She also sued Epstein, Haley Robson of Loxahatchee and Sarah Kellen of New York City on grounds of conspiracy and civil racketeering.

"We just want a full measure of justice for this girl," said her attorney, Ted Leopold.

Robson, who attended Palm Beach Community College, was paid by Epstein to bring girls to his mansion for massages and more, according to Palm Beach police. "I'm like a Heidi Fleiss," they said she told them. Her attorney could not be reached immediately for comment.

Kellen was an Epstein personal assistant who arranged the encounters, even escorting the girls to his massage room, police alleged.

Epstein

"These two conspired with him to help with the criminal enterprise," Leopold said.

Jane Doe, through her father and stepmother, filed a federal lawsuit against Epstein in January. She dismissed it after her mother said she wasn't consulted about the litigation and sought to intervene. The mother is acting on her daughter's behalf in the latest lawsuit.

Epstein's lawyer has denied the girl's allegations and said her family is simply attempting to get money from a very rich man. Epstein, 55, is a Manhattan money manager who has homes there, in New Mexico and the Virgin Islands, in addition to his $8.5 million Palm Beach mansion.

Two other Jane Does have sued Epstein in federal court this year, making similar allegations to those of the first Jane Doe. Those cases remain active.

Also pending against Epstein in state court is a felony charge of solicitation of prostitution arising from the same alleged incidents with several girls. That case is set for trial in July, two years after he was indicted.

Jane Doe's new lawsuit, filed in Palm Beach County Circuit Court, is the most explicit in detailing Epstein's alleged misconduct. It is the only suit to include Robson and Kellen as defendants, and the only one to make conspiracy and racketeering allegations.

Jane Doe will turn 18 in May. She lives with other family members in Palm Beach County, is nearing graduation from high school and is working part time, Leopold said.

© larry_keller@pbpost.com

31E-MM-108062-161

(Rev. 06-04-2007)

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE **Date:** 05/31/2008

To: Miami **Attn:** PB-2/PBCRA
SA [redacted] b6 b7C

From: New York
C-20
Contact: [redacted]

Approved By: [redacted]

Drafted By: [redacted]

Case ID #: 31E-MM-108062 - 162 ~~(Pending)~~

Title: JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION;

Synopsis: To document service of Grand Jury Subpoena to [redacted] b3 b6 b7C
[redacted]

Enclosure(s): For the Miami Division the following documents have been enclosed:

1. One original and two copies of FD-302 reflecting interview with [redacted] b3 b6 b7C

2. One original Grand Jury Subpoena return dated [redacted] in a 1-A envelope.

Details: [redacted] Special Agents (SAs) [redacted] and [redacted] of the Federal Bureau of Investigation (FBI) met with [redacted] at her residence at [redacted] [redacted] New York.

[redacted] was advised of the identity of the interviewing agents and before agents could state the purpose of the interview, [redacted] stated she did not want to speak to the agents and wanted to speak to her attorney. [redacted] then provided agents with her attorney's business card. [redacted] attorney as listed on the business card is [redacted] [redacted] New York, NY 10075, telephone number [redacted]

Agents explained [redacted] but were

31E-MM-108062-162

b3
b6
b7C

there to interview [redacted] She was then provided with a copy of a Grand Jury Subpoena [redacted]

[redacted] stated that she would speak to her attorney and understood the consequences of not showing up to the grand jury [redacted] Agents provided contact information for [redacted] should she later want to contact agents regarding this matter.

It should be noted that [redacted] did call SA [redacted] later that same day and stated she wanted to know why agents wanted to talk to her so that she in turn could consult her attorney in this matter. SA [redacted] replied that this was regarding JEFFREY EPSTEIN. SA [redacted] then asked [redacted]

[redacted] was then referred to the printed material that was included with the subpoena regarding her travel and answered [redacted] questions. [redacted]

The return of service for the Grand Jury Subpoena was placed in a 1-A envelope.

♦♦

HOUSE_OVERSIGHT_021544

FEDERAL BUREAU OF INVESTIGATION

Date of transcription [redacted]

[redacted] Special Agents (SAs) [redacted] and [redacted] of the Federal Bureau of Investigation (FBI) met with [redacted] at her residence at [redacted] New York.

[redacted] was advised of the identity of the interviewing agents and before agents could state the purpose of the interview, [redacted] stated she did not want to speak to the agents and wanted to speak to her attorney. [redacted] then provided agents with her attorney's business card. [redacted] attorney as listed on the business card is [redacted] NY 10075, telephone number [redacted]

Agents explained [redacted] but were there to interview [redacted] She was then provided with a copy of a Grand Jury Subpoena [redacted]

[redacted] stated that she would speak to her attorney and understood the consequences of not showing up to the grand jury [redacted] Agents provided contact information for [redacted] should she later want to contact agents regarding this matter.

It should be noted that [redacted] did call SA [redacted] later that same day and stated she wanted to know why agents wanted to talk to her so that she in turn could consult her attorney in this matter. SA [redacted] replied that this was regarding JEFFREY EPSTEIN. SA [redacted] then asked [redacted] then answered "OK...", and then asked about travel arrangements to Florida for grand jury.

[redacted] was then referred to the printed material that was included with the subpoena regarding her travel and answered [redacted] questions. [redacted]

Investigation on [redacted] at [redacted] NY

File # 31E-MM-108062-163 Date dictated

by [redacted]

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

31E-MM-108062-163

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31E-MM-108062

[redacted] provided no further information at this time.

FD-350 (Rev. 5-8-81)

(Indicate page, name of newspaper, city and state.)
1A/8A The Palm Beach Post
West Palm Beach, FL
Date: 7/1/2008
Edition:

Title: Palm Beacher pleads in sex case

Character or Classification: 31E-MM-108062
Submitting Office: MM

Indexing:

in Space Below)

Palm Beacher pleads in sex case

Jeffrey Epstein will serve 1½ years on teen solicitation charges.

By LARRY KELLER
Palm Beach Post Staff Writer

WEST PALM BEACH — He lives in a Palm Beach waterfront mansion and has kept company with the likes of President Clinton, Prince Andrew and Donald Trump, but investment banker Jeffrey Epstein will call the Palm Beach County Jail home for the next 18 months.

Epstein, 55, pleaded guilty Monday to felony solicitation of prostitution and procuring a person under the age of 18 for prostitution. After serving 18 months in jail, he will be under house arrest for a year. And he will have a lifelong obligation to register as a sex offender. He must submit to an HIV test within 48 hours, with the results being provided to his victims or their parents.

As part of the plea deal, federal investigators agreed to drop their investigation of Epstein, which they had taken to a grand jury, two law enforcement sources said.

Epstein was indicted two years ago after an 11-month investigation by Palm Beach police. They received a complaint from a relative of a 14-year-old girl who had given Epstein a naked massage at his five-bedroom, 7,234-square-foot, $8.5 million Intracoastal home.

Police concluded that there

See EPSTEIN, 8A ▶

UMA SANGHVI/Staff Photographer

Investment banker Jeffrey Epstein waits in court Monday before his guilty plea.

31E-MM-108062-165

Epstein faces civil lawsuits; more clients may be added

▶ EPSTEIN *from 1A*

were several other girls brought in 2004 and 2005 to an upstairs room at the home for similar massages and sexual touching.

The indictment charged Epstein only with felony solicitation of prostitution. The state attorney's office later added the charge of procuring underage girls for that purpose.

Prosecutor Lanna Belohlavek said of the plea: "I took into consideration the length the trial would have been and witnesses having to testify" about sometimes embarrassing incidents.

Epstein may have made a serious mistake soon after he was charged. He rejected an offer to plead guilty to one count of aggravated assault.

'It's validation of what we're saying in the civil cases.'

JEFFREY HERMAN
Attorney who represents alleged victims, commenting on the plea

The judge was skeptical but agreed to it.

Epstein's legal woes don't end with Monday's plea. There are four pending federal civil lawsuits and one in state court related to his behavior. At least one woman has sued him in New York, where he owns a 51,000-square-foot Manhattan mansion.

"It's validation of what we're saying in the civil cases," said Miami attorney Jeffrey Herman, who represents the alleged victims in the federal lawsuits. West Palm Beach attorney Ted Leopold represents one alleged victim in a civil suit in state court. He said he anticipates amending that lawsuit to add "a few other clients" as well.

In the criminal case, police went so far as to scour Epstein's trash and conduct surveillance at Palm Beach International Airport, where they watched for his private jet so they would know when he was in town. They concluded that Epstein paid girls $200 to $300 each after the massage sessions.

"I'm like a Heidi Fleiss," Haley Robson, now 22, told police about her efforts in recruiting girls for Epstein.

There was probable cause to charge Epstein with unlawful sex acts with a minor and lewd and lascivious molestation, police concluded.

The state attorney's office said questions about the girls' credibility led it to take the unprecedented step of presenting the evidence against Epstein to a grand jury, rather than directly charging him.

Palm Beach Police Chief Michael Reiter was furious with State Attorney Barry Krischer, saying in a May 2006 letter that the prosecutor should disqualify himself. "I continue to find your office's treatment of these cases highly unusual," he wrote. He then asked for and got a federal investigation.

Epstein hired a phalanx of high-priced lawyers—including Harvard law professor and author Alan Dershowitz—and public relations people who questioned Reiter's competence and the victims' truthfulness.

In addition to mansions in Palm Beach and Manhattan, Epstein owns homes in New Mexico and the Virgin Islands. He's a frequent contributor to Democratic Party candidates. He also donated $30 million to Harvard in 2003.

Former New York Gov. Eliot Spitzer returned a $50,000 campaign contribution from Epstein after his indictment, then resigned this year during his own sex scandal. And the same Palm Beach Police Department that vigorously investigated Epstein returned his $90,000 donation for the purchase of a firearms simulator.

Staff writer Eliot Kleinberg and staff researcher Michelle Quigley contributed to this story.

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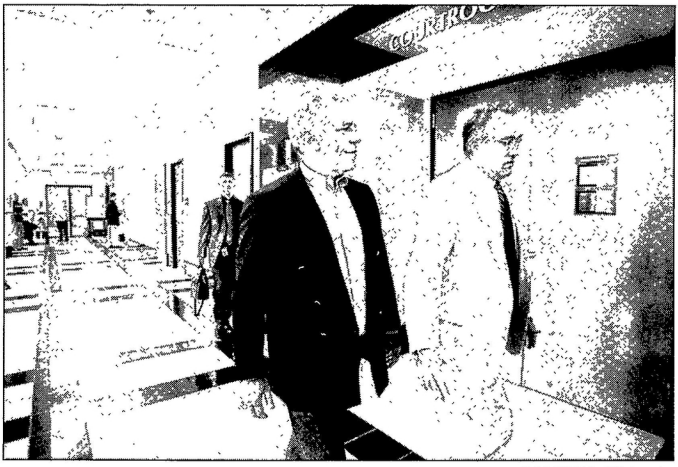

UMA SANGHVI/Staff Photographer

Jeffrey Epstein (left) appears in court Monday. Soon after he was charged two years ago, Epstein rejected a deal that would have given him five years' probation and no criminal record, documents show.

FD-350 (Rev. 5-8-81)

(Mount Clipping in Space Below)

Rich man fought the law – and he mostly won

Why is Jeffrey Epstein in jail, and not prison?

Two years after a grand jury indicted him on a felony charge of solicitation of prostitution, Jeffrey Epstein finally admitted that he lured a teenage girl to his $8.5 million, 13,000-square-foot Palm Beach mansion for sex. A week ago, the 55-year-old investment banker began serving 18 months in jail.

But that plea deal — guilty of felony solicitation of prostitution and procuring a person under the age of 18 for prostitution — does not account for all five of the girls, one as young as 14, who alleged that Epstein sexually abused them. And why is Epstein serving his term in the overcrowded Palm Beach County Jail and not a state prison, where inmates are sent if their sentences are longer than one year?

The slow, dissatisfying resolution of the case sends a message to the public that there's a different system of justice for the wealthy who hire high-powered lawyers. Epstein's legal team included West Palm Beach defense attorney Jack Goldberger, Harvard Law School Professor Alan Dershowitz, who defended O.J. Simpson against murder charges, and Kenneth Starr, the prosecutor who pursued then-President Bill Clinton for lying about sex with young women.

Palm Beach police spent 11 months investigating Epstein before State Attorney Barry Krischer sent the case to a grand jury, instead of charging Epstein so the man who once boasted of accepting only billionaire clients could face a trial. The police had taken a high school transcript, class schedules and phone messages from Epstein's home that showed he knew the girls were underage. Yet Mr. Krischer was more swayed by Epstein's lawyers, who attempted to impugn the girls' character by showing they had chatted on myspace.com about smoking marijuana and drinking. He should have let a jury decide whether the victims — and Epstein — were credible.

Ultimately, one charge against Epstein finally reflected the age of one victim, and the plea agreement left Epstein labeled a sex offender. With that additional charge, if Epstein had been convicted at a trial, he could have been sentenced to anything from probation to 15 years in prison, Assistant State Attorney Lanna Belohlavek said, adding that the recommended guideline sentence was 21 months.

Epstein also won't have to certify to the court that he is receiving counseling, typically required of sex offenders, because he has a private psychiatrist. But without court supervision, who will ensure Epstein is in fact being treated?

The plea deal also drops a federal investigation of Epstein. If a federal investigation was warranted, how does dropping it before completion benefit the public?

Epstein preyed on girls and denied it. For three years, his wealth and the influence of his lawyers bought him the protection the state attorney owed to the victims.

(Indicate page, name of newspaper, city and state.)

Date: 07072008
Edition: Palm Beach Post

Title: Rich man fought the law and he mostly won

Character:
or
Classification: 31E-MM-108062
Submitting Office: Miami (PB2)

Indexing:

31E-MM-108062-166

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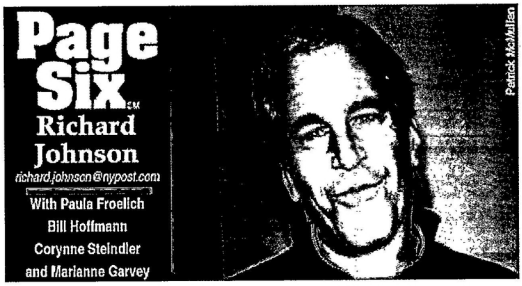

July 21, 2008 --

THREE young women suing billionaire **Jeffrey Epstein** for sex abuse at his Palm Beach mansion want a federal judge to quash the plea deal he made with the state of Florida to serve 18 months in jail in exchange for admitting he solicited a 14-year-old hooker. Their lawyer, **Brad Edwards**, has asked US District Judge **Kenneth Marra** to toss the deal - which included an agreement that Epstein's wouldn't face federal prosecution, which could have led to a longer jail term - because they weren't consulted on it. Marra has asked for more information before he rules. Epstein's rep, **Howard Ruben stein**, said, "The lawsuit has absolutely no merit. They're just looking for money. These women have lied repeatedly, and in no way shape or form were they victims. They were at his place freely and voluntarily. And one of them showed Epstein a fake ID."

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TODAY IN PAGE SIX

31E-mm-108 062-167

(Rev. 05-01-2008)

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b7C

UNCLASSIFIED

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE **Date:** 07/25/2008

To: [redacted] **Attn:** ALAT [redacted]

From: Miami
PB2/Palm Beach County Resident Agency
Contact: [redacted]

Approved By: [redacted]

Drafted By: [redacted]

Case ID #: 188B-MM-105207-D ~~(Pending)~~
31E-MM-108062. ~~(Pending)~~

Title: Victim Assistance Program
Victim Notification Letter and Brochures
7/25/2008

Synopsis: To deliver Victim Notification Letter and brochures.

Enclosure(s): Victim Notification Letter
Brochure/Help for Victims of Crime
Brochure/The Victim Notification System

Details: Per our conversation, that was conducted on Monday, July 21, 2008 please provide [redacted] with the enclosed Victim Notification Letter and brochures.

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31E-MM-108062-170
~~188B-MM-105207-D~~

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To: [redacted] From: Miami
Re: 188B-MM-105207-D, 07/25/2008

LEAD(s):

Set Lead 1: (Action)

[redacted]

AT [redacted]

Please deliver the enclosed letter and brochures to [redacted]. In addition, please confirm completion of this matter.
Read and Clear

♦♦

HOUSE_OVERSIGHT_021553

(Rev. 05-01-2008)

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UNCLASSIFIED

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE **Date:** 08/07/2008

To: [redacted] **Attn:** ALAT [redacted]

From: Miami
PB2/Palm Beach County Resident Agency
Contact: [redacted]

Approved By: [redacted]

Drafted By: [redacted]

Case ID #: 31E-MM-108062 ~~(Pending)~~
188B-MM-105207-D ~~(Pending)~~

Title: Victim Assistance Program
Victim Notification Letter and Brochure
8/7/2008

Synopsis: To document request for delivery of Victim Notification Letter and brochure.

Enclosure(s): Victim Notification Letter
Brochure/Help for Victims of Crime
Brochure/The Victim Notification System

Details: Per our conversation, that was conducted on Wednesday, July 23, 2008 it's very important that [redacted] DOB: [redacted] receives a Victim Notification Letter explaining her rights as a crime victim. SA [redacted] address for her, but she can be reached at the following numbers: [redacted]

According to Special Agent [redacted] on 07/24/2006, the Federal Bureau of Investigation (FBI), Palm Beach Resident Agency(PBCRA)opened an investigation involving multi-million-naire Jeffrey Epstein. At the conclusion of the sexual activity, the minors were paid sums of money ranging from $200.00-$1,000.00.

Testimony from multiple witnesses indicate hat [redacted] a minor at the time, was one of Jeffrey Epstein's

UNCLASSIFIED

221HUS04.EC

~~188B-MM-105207-D~~
31E-MM-108062-171

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To: [redacted] From: Miami
Re: 31E-MM-108062, 08/07/2008

victims. Mr. Epstein is believed to have had contact with [redacted]

In addition, SA [redacted] indicated that she believes that [redacted]

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To: [redacted] From: Miami
Re: 31E-MM-108062, 08/07/2008

LEAD(s):

Set Lead 1: (Action)

[redacted]

AT [redacted]

Please deliver the enclosed letter and brouchures to [redacted] In addition, please confirm completion of this matter.
Read and Clear

♦♦

HOUSE_OVERSIGHT_021556

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U.S. Department of Justice

Federal Bureau of Investigation

File No. 31E-MM-108062 & 188B-MM-105207-D

25 August 2008

Mr. [redacted]
Federal Agent
[redacted]

Dear Federal Agent [redacted]

The Miami Division of the Federal Bureau of Investigation (FBI) requests the assistance of the [redacted] in delivering a Victim Notification Letter and brochure to [redacted] date of birth [redacted] who has been contacted in the past at [redacted]

On 24 July 2006, the Federal Bureau of Investigation (FBI), Palm Beach Resident Agency(PBCRA)opened an investigation involving the illegal sexual activity between multi-millionnaire Jeffrey Epstein and minor aged children. At the conclusion of the sexual activity, the minors were paid sums of money ranging from $200.00-$1,000.00. Testimony from multiple witnesses indicate hat [redacted] a minor at the time, was one of Jeffrey Epstein's victims. Mr. Epstein is believed to have had contact with [redacted] Under United States Code Title 18 Section 3771, a victim of a crime in the United States has a number of rights which are detailed in the enclosed letter and brochures. It is requested that the [redacted] locate [redacted] and deliver the enclosed letter and brochure. If you have any questions regarding this request, please contact Assistant Legal Attache [redacted] at [redacted]

Sincerely,

SCOTT L. CRUSE
LEGAL ATTACHE
[redacted]

[redacted]
Assistant Legal Attache

Close lead covered 9/18/08
[redacted]
emailed to
ACME
8/25/08 [redacted]

[redacted]

5: [redacted]

31E-MM-108062-173

VICTIM NOTIFICATION SYSTEM (VNS)

VNS is a free service that provides victims of Federal crime with information and notification regarding the status of the case and the offender's custody status, to include dates of court hearings, sentencing, parole and release. Information is provided in English or Spanish.

To access this system, your Victim Specialist will provide you with a Victim Identification Number (VIN) and a Personal Identification Number (PIN). If you have chosen to participate in VNS, but have not received these numbers, please contact the Victim Specialist at your local FBI field office.

You will receive letters, as updates to your case are available. You may also call the VNS Call Center at 1-866-365-4968 or access VNS on-line at http://www.Notify.USDOJ.gov for current case, court or custody information. You will be prompted to provide both your VIN and PIN when contacting the VNS Call Center. The Call Center and VNS is available on the internet during the following hours (Eastern Standard Time):

Monday - Friday	6:00 a.m. - 3:00 a.m.
Saturday	6:00 a.m. - 12:00 a.m.
Sunday	8:00 a.m. - 12:00 a.m.

LIMITED CONFIDENTIALITY STATEMENT

As your Victim Specialist, I certainly am here to assist you as you go through the criminal justice process. However, you should know that I work as part of a team with the FBI Agent and personnel from the United States Attorney's Office. Discussions that you have with me may not be considered completely confidential. As part of the team, there are times when I may need to share information you provide with the other team members. This is especially important if you share information regarding your safety, a medical emergency, when the information relates to child abuse and/or when the nondisclosure of the information could interfere with the investigation or prosecution of the case.

If you have any questions about limited confidentiality, you may contact me for clarification.

Remember, your interests are important to us. Many victims have questions and we are here to help provide you with answers and practical assistance.

IMPORTANT CONTACT NUMBERS

FBI Victim Specialist:

_____
Name

_____
Phone

FBI Special Agent:

_____
Name

_____
Phone

INFORMATION CARD

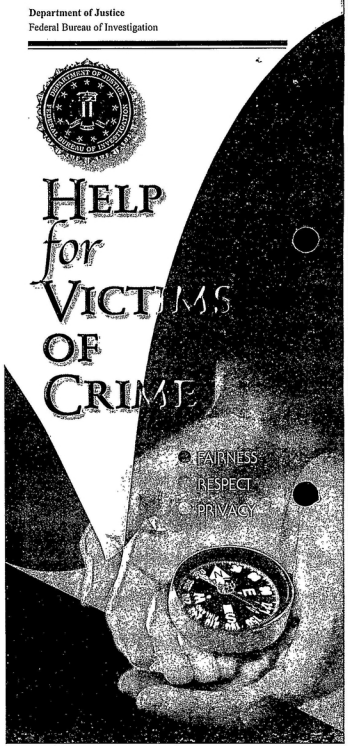
_____
Victim Identification Number (VIN)

_____
Personal Identification Number (PIN)

_____
Investigation/Court Case Number

Department of Justice
Federal Bureau of Investigation

HELP *for* VICTIMS OF CRIME



Introduction

The Federal Bureau of Investigation (FBI) is responsible for investigating a wide range of Federal crimes. Part of the FBI's work involves providing information and assistance to victims of those crimes. Crime can have a devastating effect on victims and their families who may need help coping with the impact of victimization. FBI Victim Specialists are highly trained professionals who can assist you and coordinate with other agencies in providing you with the support, information, and resources that can effectively meet your needs. Victim Specialists are available 24 hours a day, 7 days a week.

A Federal investigation can be both complex and lengthy. It may involve several agencies, some Federal and some local. This brochure provides information to help you deal with the needs and questions that often arise during an investigation. It describes your rights under Federal law, and the types of services that may be available to you. Please contact your FBI Victim Specialist if you have any questions. The Specialist's name and number can be found at the end of this brochure.

Help for Victims of Crime

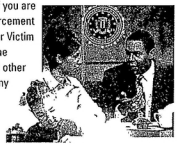
As a Crime Victim, you have the following rights under 18 United States Code, Section 3771:

- The right to be reasonably protected from the accused;
- The right to reasonable, accurate, and timely notice of any public court proceeding, or any parole proceeding, involving the crime or of any release or escape of the accused;
- The right not to be excluded from any such public court proceeding, unless the court, after reviewing clear and convincing evidence, determines that testimony by the victim would be materially altered if the victim heard other testimony at that proceeding;
- The right to be reasonably heard at any public proceeding in the district court involving the release, plea, sentencing, or any parole proceeding;
- The right to confer with the attorney for the Government in the case;
- The right to full and timely restitution as provided in law;
- The right to proceedings free from unreasonable delay;
- The right to be treated with fairness and with respect for the victim's dignity and privacy.

We will make our best efforts to ensure you are afforded the rights described. Most of these rights pertain to events occurring after the indictment of an individual for the crime, and it will be the responsibility of the prosecuting United States Attorney's Office to ensure you are afforded those rights. You may also seek the advice of a private attorney with respect to these rights.

If you are threatened or harassed

Your safety is paramount. If anyone threatens you or you feel that you are being harassed because of your cooperation with this investigation, there are available remedies. If you are in immediate danger, contact your local law enforcement agency mmediately. Also, you should contact your Victim Specialist or the Case Agent and inform them of the situation. There are penalties for harassment and other threats; therefore, it is important that you report any incident as soon as possible.



If you need financial help or support services

All states have crime victims compensation programs that help cover some expenses resulting from violent crimes. Your state program may pay for medical and mental health care costs, lost wages and support, and funeral and burial expenses not covered by insurance or other benefits. Your FBI Victim Specialist may be able to help intercede on your behalf with employers and creditors, when appropriate. In addition, your Victim Specialist can refer you to other types of programs and services, such as emergency housing, counseling, support groups, and credit counseling. If the offender is convicted or pleads guilty, the court may order payment by the offender, called restitution, which may help cover expenses and losses caused by your victimization.

If your property was stolen or held as evidence

If your property was stolen, we hope to recover it as part of our investigation and return it as soon as possible. If your property is held as evidence, we will notify you, maintain it in good condition, and make every effort to see that it is returned to you as quickly as possible when it is no longer needed as evidence.

Please understand that some property we receive as evidence has been damaged during the course of the crime.

If an arrest is made

Every effort will be made to notify you if a suspect is apprehended. If criminal charges are filed, you will be contacted by the United States Attorney's Office (USAO) assigned to handle your case.

Each USAO has a Victim Witness Coordinator to help answer your questions and deal with your concerns during the prosecution of the case.

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9. Must I receive notification?

If you do not wish to receive notification you may contact: (1) the VNS Call Center (1-866-365-4968, provide your VNS VIN & PIN, Select Opt Out option); (2) access the VNS Web site and select the Stop Receiving Notifications link; (3) the person indicated on your initial notification letter; or (4) the Victim-Witness Coordinator at your local U.S. Attorney's Office.

INFORMATION CARD

Victim Identification Number (VIN)

Personal Identification Number (PIN)

Not all relevant information regarding a case will be contained within VNS. Victims may contact the respective agency staff for additional information.

Overview - VNS Information

Information - Activity	Internet	Call Center
Investigative Status (Under Investigation or Prosecution Declined)	✓	✓
Filing of Criminal Charges, Outcome of the Charges and Sentencing data	✓	✓
Future & Past Court Hearings	✓	✓
BOP Custody Status & location, projected release date	✓	✓
Other available information	✓	
Links to other Internet Web resources	✓	
Update address, email, telephone number	✓	✓
Opt out from access to VNS, including the Internet & Call Center	✓	✓

DOJ - USA-260
USPIS - PSN7610-07-000-1290

U.S. Department of Justice

The Department of Justice Victim Notification System

A Service Provided by:

- The Federal Bureau of Investigation
- The United States Attorneys' Offices
- The Federal Bureau of Prisons, and
- The Office for Victims of Crime

In Cooperation With:

- The United States Postal Inspection Service

Introduction

The Department of Justice and the United States Postal Inspection Service are committed to ensuring that victims of federal crime are treated fairly as their case moves through the criminal justice system.

In order to provide victims with information on case events, the Department of Justice has developed the Victim Notification System (VNS). This brochure provides information about VNS.

Victim Notification System (VNS)

VNS is a cooperative effort between the Federal Bureau of Investigation (FBI), the United States Postal Inspection Service (USPIS), the United States Attorneys' Offices, and the Federal Bureau of Prisons (BOP).

This free, computer-based system provides important information to victims. In many cases you will receive letters generated through VNS containing information about the events pertaining to your case and/or any defendants in the case.

This information is also available in English and Spanish on the Internet and through a toll-free telephone number (Call Center). In cases with many victims, you may receive only one letter and then be directed to the Internet or Call Center for further information.

VNS Information

Registration:

You will receive a Victim Identification Number (VIN) and a Personal Identification Number (PIN) that will allow you to access VNS on the Internet and using your telephone. You may write those numbers on the attached tear-off card to keep with you.

If you have chosen to participate in VNS, but have not received these numbers, please contact either the FBI, the USPIS, or U.S. Attorney's Office handling your case.

☞ **Your VIN and PIN numbers are both required any time you contact the Call Center or when accessing VNS on the Internet.**

VNS Internet Access:

- You may access information about the case via the Internet at: http://www.Notify.USDOJ.Gov You will be required to enter your VIN and your PIN.
- The Web site, in some instances, may provide additional information that is not available through the Call Center.

(Refer to **Common Questions**, numbers 4, 5 & 6 below, for more information regarding the Internet.)

The VNS Call Center:

You may call 1-866-DOJ-4YOU (1-866-365-4968) for current information. You will be required to enter your VIN and your PIN.

By following the prompts, VNS will provide custody information and notice of upcoming court events.

The Call Center will include options to hear:

Upcoming Events - information on future court hearings

Historical Court Events - information on past court hearings

Detailed Information on Each Defendant - information regarding criminal charges filed, the outcome of the charges, and the sentence imposed by the Court; if the defendant is in the custody of BOP, the custody location, projected date of release from custody and other release information.

VNS Notification:

You may also receive information about case events by telephone, email, numeric pager, or fax. Please note that in some rare instances, VNS may contact you by phone which will require use of your PIN.

Common Questions

Below are some common questions about VNS. If at any time you have a question about VNS that is not answered here, please feel free to contact your local FBI, USPIS, or U.S. Attorney's Office.

1. When can I call the VNS Call Center or access VNS on the Internet?

(Eastern Time)

Monday - Friday	6:00 a.m. - 3:00 a.m.
Saturday	6:00 a.m. - 12:00 a.m.
Sunday	8:00 a.m. - 12:00 a.m.

1-866-DOJ-4YOU - (1-866-365-4968)
International Callers:
(1)502-213-2767
http://www.Notify.USDOJ.Gov

5. What information is available on the VNS Internet Web site?

The information available will include:

A. **Case Activities Detail** - information about events in your case.

B. **Downloads/Links** - supplemental information about your case.

C. **My Information** - allows you to view and/or update your mailing address, phone number, and email address.

D. **Stop Receiving Notifications** - allows you to stop receiving further notifications. You can later re-enroll using your VIN and VNS Login ID.

6. How often is information on the Internet updated?

The VNS Web site is updated daily, Monday through Friday.

7. Does the Victim Notification System ensure my safety?

No. Do not depend on VNS to ensure your safety. If you feel that you are being threatened, **immediately** notify law enforcement.

8. What should I do if my contact information changes?

If your address, email or phone number changes, you should update your contact information using one of the following methods: (1) VNS on the Internet* (**http://www.Notify.USDOJ.gov**) (2) VNS Call Center* (**1-866-365-4968**) (* You will need your VNS VIN & PIN/Web Login ID); (3) the person indicated on your initial notification letter, or; (4) the Victim-Witness Coordinator at your local U.S. Attorney's Office.

You must keep your contact information current (see Common Questions number 8). If an agency is unable to contact you due to outdated contact information, you will be removed from the notification program.

2. What if I forget my PIN?

Each VNS notification will re-state your VIN & PIN. If you do not have this correspondence, please contact the agency (FBI/USPIS/U.S. Attorney's Office) involved with your case.

3. What if I am not at home or my phone is busy when VNS calls?

In this instance, the Call Center will continue calling you every 30 minutes. If the call is answered, but is not confirmed with your PIN number, VNS will continue to call every two (2) hours.

4. How do I access the VNS Internet site?

A. Enter http://www.Notify.USDOJ.Gov in your Web browser.

B. If you are a new user, click "First time users click here".
   (1) Enter your VIN.
   (2) Enter your PIN.
   (3) Complete the remaining information as requested on the Web site to include creating a new VNS Login ID.

C. Your VNS Login ID must be used in conjunction with your VIN during any subsequent access of the VNS Web site.

(Rev. 05-01-2008)

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b7C

UNCLASSIFIED

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE **Date:** 10/07/2008

To: [redacted] **Attn:** ALAT [redacted]
Attn: ALAT

From: Miami
Squad PB-2, PBCRA
Contact: SA [redacted]

Approved By: [redacted]

Drafted By: [redacted]

Case ID #: 31E-MM-108062 ~~(Pending)~~

Title: JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

Synopsis: To request hand delivery of Victim Notification Letters from the United States Attorney's Office to victims residing overseas.

Enclosure(s): 1) Enclosed for [redacted] a letter addressed to [redacted] C/O Asst Legal Attache [redacted] United States Embassy, [redacted]
2) Enclosed for [redacted] a letter addressed to [redacted] C/O Asst. Legal Attache [redacted] United States Embassy, [redacted]

Details: Per the request of the United States Attorney's Office, the above referenced letters need to be hand delivered to [redacted], dob [redacted], dob [redacted] The letters reference the outcome of a Non-Prosecution Agreement entered into by the US Government and Mr. Epstein. The letters provide the victims with the terms of the Agreement and contact information should the victims have any questions.

Mr. Epstein is currently incarcerated at the Palm Beach County Stockade serving an 18 month prison sentence, followed by

UNCLASSIFIED

281[redacted]01.ec
31E-MM-108062-174

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To: [redacted] From: Miami
Re: 31E-MM-108062, 10/07/2008

a year of house arrest. Mr. Epstein will also be a life time registered sex offender.

HOUSE_OVERSIGHT_021565

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To: [redacted] From: Miami
Re: 31E-MM-108062, 10/07/2008

LEAD(s):

Set Lead 1: (Action)

[redacted]

AT [redacted]

Please deliver the enclosed USAO letter to [redacted] Her telephone numbers are as follows:

[redacted]

Set Lead 2: (Action)

[redacted]

AT [redacted]

Please deliver the enclosed USAO letter to [redacted]

♦♦

(Rev. 05-01-2008)

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b7C

UNCLASSIFIED

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE **Date:** 10/19/2008

To: Miami **Attn:** [redacted]
PB2/Palm Beach County RA
SA

International Operations **Attn:** Americas Unit

From: [redacted]
Contact: ALAT [redacted]

Approved By: [redacted]

Drafted By: [redacted]

Case ID #: 188B-MM-105207-D ~~(Pending)~~
31E-MM-108062 ~~(Pending)~~

Title: Victim Assistance Program
Victim Notification Letter and Brochures
7/25/2008

Synopsis: Victim [redacted] provided with Victim Notification Letter Brochure/Help for Victims of Crime Brochure/The Victim Notification System.

Administrative: This EC clears lead set in 31E-MM-108062 Serial 170.

Details: On 10/08/08, [redacted] was personally handed the above brochures by ALAT [redacted] at her place of employment and [redacted] Her work number is [redacted] and her cell number is [redacted]

[redacted] considers this lead covered.

UNCLASSIFIED

31E-MM-108062-175

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b7C

To: Miami From: [redacted]
Re: 188B-MM-105207-D, 10/19/2008

Set Lead 1: (Info)

ALL RECEIVING OFFICES

Read and clear.

♦♦

HOUSE_OVERSIGHT_021568

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1203982-1

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Page 77 ~ b6; b7C;
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Page 80 ~ b6; b7C;
Page 81 ~ b6; b7C; b7E;
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Page 115 ~ b6; b7C;
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Page 139 ~ b6; b7C; b7D;
Page 140 ~ b6; b7C; b7D;
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Page 142 ~ b6; b7C; b7D;
Page 143 ~ b6; b7C; b7D;
Page 144 ~ b7D;
Page 148 ~ b7E;
Page 149 ~ b7E;
Page 150 ~ Referral/Direct - 31E-MM-108062 serial 233/EOUSA;
Page 151 ~ Referral/Direct - 31E-MM-108062 serial 233/EOUSA;
Page 152 ~ Referral/Direct - 31E-MM-108062 serial 233/EOUSA;
Page 153 ~ Referral/Direct - 31E-MM-108062 serial 233/EOUSA;
Page 154 ~ Referral/Direct - 31E-MM-108062 serial 233/EOUSA;
Page 155 ~ Referral/Direct - 31E-MM-108062 serial 233/EOUSA;
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Page 177 ~ b6; b7C;
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Page 179 ~ b6; b7C;
Page 183 ~ b6; b7C;
Page 184 ~ b6; b7C;
Page 205 ~ b6; b7C; b7D;
Page 207 ~ b6; b7C; b7E;
Page 208 ~ b6; b7C; b7E;

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FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)

- Drugs ☐
- A Fugitive ☐
- Bankruptcy Fraud ☐
- Computer Fraud/Abuse ☐
- Corruption of Public Official ☐
- Money Laundering ☐
- Sub Invest Asst by FO(s) ☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No. [redacted]

Stat Agent Name [redacted]

RA	Squad
PBCRA	PB-2

Assisting Agents Soc. Sec. No. x [redacted]

Name: [redacted]

2. - -

Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
		Fin. Analyst			Lab. Field Sup			UCO - Nat.Back			Vict-Witn Coor
		Aircraft Asst.			Pen Registers			NCAVC/ Vi-CAP			IO Wanted Flyer
		Computer			Photo Cover			Crim/NS Intel Asst			SARs
		Consen Mon.			Polygraph			Crisis Neg.- Fed			CART
		ELSUR / FISC			Search Warran			Crisis Neg.- Local			Asset Forf Prog
		ELSUR / T. III			Show Money			ERT Asst.			Forf Support Proj
		Eng. Field Spt			SOG Asst.			Butte - ITC			TFOS/CTD
		Eng. Tape Ex.			Swat Team			Sav - ITC			CXS/CTD
		Legats Asst.			Tech. Ag/Equip			Poc - ITC			InfraGard/CyD
		Evid. Purchase			Phone Toll Rec			Ft. Mon. - ITC			OFC/CID
		Inf/CW Info			UCO - Group I			For. Lang Asst.			PPP
		Lab. Div. Exam			UCO - Group II			Non FBI Lab Ex			

A. Complaint / Information/ Indictment

☐ Federal ☐ Local ☐ International

Complaint Date: ___

Check if Civil Rico Complaint ☐

Information Date: ___

Indictment Date: ___

B. Locate / Arrest

☐ Federal ☒ Local ☐ International

Subject Priority: ☐ A ☐ B ☒ C

Locate Date: ___

Arrest Date: 06/30/08

☐ Subject Resisted Arrest

☐ Subject Arrested was Armed

C. Summons Date: ___

☐ Federal ☐ Local

D. Recovery / Restitution / PELP X

☐ Federal ☐ Local ☐ International

Recovery Date: ___

Code • ___ ✓ Amount $ ___

Code • ___ ✓ Amount $ ___

Restitution Date: ___

☐ Court Ordered ☐ Pretrial Diversion

Code • ___ ✓ Amount $ ___

PELP Date: ___

Code • ___ ✓ Amount $ ___

E. Hostages(s) Released Date: ___

Released by: ☐ Terrorist ☐ Other

Number of Hostages: ___

F. Conviction

☐ Federal ☒ Local ☐ International

Conviction Date: 06/30/08

[redacted]

For 6F, G, H-Include Agency Code

☒ Felony or ☐ Misdemeanor

☒ Plea or ☐ Trial

State: FL Judicial District: 5th

G. U.S. Code Violation

Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: ___

Sentence Type: ___ , ___ , ___ •

In Jail: Years ___ Months ___

Suspended: Years ___ Months ___

Probation: Years ___ Months ___

Fines: $ ___

I. Disruption/Dismantlement: ✓

Disruption Date: ___

Dismantlement Date: ___

Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: ___

Also complete "Section G"

Other Civil Matters Date: ___

Judgment ___ ___ ___ ___ •

Judicial Outcome ___ ___ ___ ___ •x

Amount $ ___

Suspension: Years ___ Months ___

K. Administrative Sanction Date: ___

Subject Description Code ___ •

Type: Length:

☐ Suspension ☐ Permanent

☐ Debarment or

☐ Injunction Year ___ Months ___

L. Asset Seizure Date: ___

Asset Forfeiture Date: ___

CATS # Mandatory ___

Circle below one of the three asset forfeiture:

Admin, Civil Judicial, or Criminal

Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion

(Circle one) Date: ___

N. Drug Seizures ✓ **Date:** ___

Drug Code • ___

Weight ___ Code • ___

FDIN ___

Do not indicate $ in Section D

O. Child Victim Information

Child located / identified Date: ___

☐ Living ☐ Deceased

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

Name	Race•	Sex	Date of Birth	Social Security No. (if available)
Jeffrey Epstein	W	M	01/20/1953	090-44-3348

For Indictments/Convictions only:

☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.

☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.

• See codes on reverse side.

✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515 ___

31E-MM-108062-176

For Further Instructions See: MAOP, Part II, Sections 3-5 thru 3-5.3.
Revised 12-19-2006

PROPERTY CODES

01 Cash
02 Stocks, Bonds or Negot. Instruments
03 General Retail Merchandise
04 Vehicles
05 Heavy Machinery & Equipment
06 Aircraft
07 Jewelry
08 Vessels
09 Art, Antiques or Rare Collections
11 Real Property
20 All Other

SENTENCE TYPES

CP Capital Punishment
JS Jail Sentence
LP Life Parole
LS Life Sentence
NS No Sentence (Subject is a Fugitive, Insane, has died, is a Corporation or must pay fine only)
PB Probation
SJ Suspension of Jail Sentence
YC Youth Correction Act

PELP CODES

22 Counterfeit Stocks/Bonds/Currency/ Negotiable Instruments
23 Counterfeit/Pirated Sound Recordings or Motion Pictures
24 Bank Theft Scheme Aborted
25 Ransom, Extortion or Bribe Demand Aborted
26 Theft From or Fraud Against Government Scheme Aborted
27 Commercial or Industrial Theft Scheme Aborted
30 All Other

RACE CODES

A Asian/Pacific Islander
B Black
I Indian/American
U Unknown
W White
X Nonindividual

AGENCY CODES

AFOSI Air Force Office of Special Investigations
ACIS Army Criminal Investigative Service
BATF Bureau of Alcohol, Tobacco & Firearms
BIA Bureau of Indian Affairs
CBP Customs and Border Protection
DCAA Defense Contract Audit Agency
DCIS Defense Criminal Investigative Service
DEA Drug Enforcement Administration
DOC Department of Corrections
DOI Dept. of Interior
DHS Dept. of Homeland Security
EPA Environmental Protection Agency
FAA Federal Aviation Administration
FDA Food and Drug Administration
HHS Dept. of Health & Human Services
HUD Dept. of Housing & Urban Development
ICE Immigration and Customs Enforcement
IRS Internal Revenue Service
NASA Nat'l Aeronautics & Space Admin
NBIS Nat'l NARC Border Interdiction
NCIS Naval Criminal Investigative Service
RCMP Royal Canadian Mounted Police
SBA Small Business Administration
USCG U.S. Coast Guard
USDS U.S. Department of State
USMS U.S. Marshals Service
USPS U.S. Postal Service
USSS U.S. Secret Service
USTR U.S. Treasury
LOC Local
CITY City
COUN County
ST State
OTHR Other

JUDGMENT CODES

CJ Consent Judgment
CO Court Ordered Settlement
DF Default Judgment
DI Dismissal
JN Judgment Notwithstanding
MV Mixed Verdict
SJ Summary Judgment
VD Verdict for Defendant
VP Verdict for Plaintiff

JUDICIAL OUTCOME

AG Agreement
BR Barred/Removed
CC Civil Contempt
DC Disciplinary Charges
FI Fine
PI Preliminary Injunction
PR Temporary Restraining Order
PS Pre-filing Settlement
RN Restitution
SP Suspension
VR Voluntary Resignation
OT Other

SUBJECT PRIORITY

A Subject wanted for crimes of violence (i.e., murder, manslaughter, forcible rape) against another individual or convicted of such a crime in the past five years.

B Subject wanted for crimes involving loss or destruction of property valued in excess of $25,000 or convicted of such a crime in the past five years.

C All other subjects.

DRUG CODES

COC Cocaine
HER Heroin
HSH Hashish
KAT Khat
LSD LSD
MAR Marijuana
MDM Methylenedioxymethamphetamine
MET Methamphetamine
MOR Morphine
OPM Opium
OTD Other drugs

DRUG WEIGHT CODES

GM Gram(s)
KG Kilogram(s)
L Liter(s)
ML Milliliter(s)
P Plant(s)
DU Dosage Unit(s)

SUBJECT DESCRIPTION CODES

ORGANIZED CRIME SUBJECTS

1F Boss
1G Underboss
1H Consigliere
1J Acting Boss
1K Capodecina
1L Soldier

KNOWN CRIMINALS

2A Top Ten or I.O. Fugitive
2B Top Thief
2C Top Con Man

FOREIGN NATIONALS

3A Legal Alien
3B Illegal Alien
3C Foreign Official W/out Diplomatic Immunity
3D U.N. Employee W/out Diplomatic Immunity
3E Foreign Student
3F All Others

TERRORISTS

4A Known Member of a Terrorist Organization
4B Possible Terrorist Member or Sympathizer

UNION MEMBERS

5D President
5E Vice-President
5F Treasurer
5G Secretary/Treasurer
5H Executive Board Member
5I Business Agent
5J Representative
5K Organizer
5L Business Manager
5M Financial Secretary
5N Recording Secretary
5P Office Manager
5Q Clerk
5R Shop Steward
5S Member
5T Trustee
5U Other

GOVERNMENT SUBJECTS
(6F, 6G, 6H- Include Agency Code)

6A Presidential Appointee
6B U.S. Senator/Staff
6C U.S. Representative/Staff
6D Federal Judge/Magistrate
6E Federal Prosecutor
6F Federal Law Enforcement Officer
6G Federal Employee - GS 13 & Above
6H Federal Employee - GS 12 & Below
6J Governor
6K Lt. Governor
6L State Legislator
6M State Judge/Magistrate

Continuation of GOVERNMENT SUBJECTS

6N State Prosecutor
6P State Law Enforcement Officer
6Q State - All Others
6R Mayor
6S Local Legislator
6T Local Judge/Magistrate
6U Local Prosecutor
6V Local Law Enforcement Officer
6W Local-All Others
6X County Commissioner
6Y City Councilman

BANK EMPLOYEES

7A Bank Officer
7B Bank Employee

OTHERS

8A All Other Subjects
8B Company or Corporation

CHILD PREDATORS

9A Child Care provider
9B Clergy
9C Athletic Coach
9D Teacher/Aide
9E Law Enforcement Personnel
9F Counselor
9G Relative
9H Stranger
9I Other

09/30/2008

********** ARREST **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

EPSTEIN, JEFFREY

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Arrest is for Federal, Local, or International (F/L/I).. : L
Arrest Subject Priority (A/B/C)..... : C
Did Subject Resist (Y/N)..... : N
Was Subject Armed (Y/N).....: N

United States Code Violation

Title	Section	Count

Accomplishment Narrative

ENTERED UPON RECEIPT

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9-30-08
Date Loader's Initials [redacted]

Accomplishment involves: (check all that apply)	
Drugs	☐
A Fugitive	☐
Bankruptcy Fraud	☐
Computer Fraud/Abuse	☐
Corruption of Public Official	☐
Money Laundering	☐
Sub Invest Asst by FO(s)	☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No. [redacted]

[redacted]

RA	Squad
PBCRA	PB-2

Assisting Agents Soc. Sec. No. X
1. [redacted]
Name [redacted]
2. - -
Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
		Fin. Analyst			Lab. Field Sup			UCO - Nat.Back			Vict-Witn Coor
		Aircraft Asst.			Pen Registers			NCAVC/ VI-CAP			IO Wanted Flyer
		Computer			Photo Cover			Crim/NS Intel Asst			SARs
		Consen Mon.			Polygraph			Crisis Neg.- Fed			CART
		ELSUR / FISC			Search Warrant			Crisis Neg.- Local			Asset Forf Prog
		ELSUR / T. III			Show Money			ERT Asst.			Forf Support Proj
		Eng. Field Spt.			SOG Asst.			Butte - ITC			TFOS/CTD
		Eng. Tape Ex.			Swat Team			Sav - ITC			CXS/CTD
		Legats Asst.			Tech. Ag/Equip.			Poc - ITC			InfraGard/CyD
		Evid. Purchase			Phone Toll Rec			Ft. Mon. - ITC			OFC/CID
		Inf/CW Info			UCO - Group I			For. Lang Asst.			PPP
		Lab. Div. Exam			UCO - Group II			Non FBI Lab Ex			

b6
b7C
b7E

A. Complaint / Information/ Indictment
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

B. Locate / Arrest
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

C. Summons Date: ___
☐ Federal ☐ Local

D. Recovery / Restitution / PELP X
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

E. Hostages(s) Released Date: ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

F. Conviction
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ • (___)•
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

G. U.S. Code Violation
Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: ___
Sentence Type: ___, ___, ___•
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

I. Disruption/Dismantlement: ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___•
Judicial Outcome ___ ___ ___ ___•x
Amount $ ___
Suspension: Years ___ Months ___

K. Administrative Sanction Date: ___
Subject Description Code ___•
Type:
☐ Suspension
☐ Debarment
☐ Injunction
Length:
☐ Permanent
or
Year ___ Months ___

L. Asset Seizure Date: ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion
(Circle one) Date: ___

N. Drug Seizures ✓ Date: ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

O. Child Victim Information
Child located / Identified Date: 6/30/08
☒ Living ☐ Deceased

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

[redacted]	Race•	Sex	Date of Birth	Social Security No. (if available)
			[redacted]	

b6
b7C

For I[redacted]
☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-17

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

[redacted]

Assisting Agents SOC

[redacted]

Subject Name

[redacted]

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)	
Drugs	☐
A Fugitive	☐
Bankruptcy Fraud	☐
Computer Fraud/Abuse	☐
Corruption of Public Official	☐
Money Laundering	☐
Sub Invest Asst by FO(s)	☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.: [redacted]

Stat Agent Name: [redacted]

RA	Squad
PBCRA	PB-2

Assisting Agents Soc. Sec. No. x

[redacted]

Name: [redacted]

2. - -

Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
		Fin. Analyst			Lab. Field Sup			UCO - Nat.Back			Vict-Witn Coor
		Aircraft Asst.			Pen Registers			NCAVC/ Vi-CAP			IO Wanted Flyer
		Computer			Photo Cover			Crim/NS Intel Asst			SARs
		Consen Mon.			Polygraph			Crisis Neg.- Fed			CART
		ELSUR / FISC			Search Warrant			Crisis Neg.- Local			Asset Forf Prog
		ELSUR / T. III			Show Money			ERT Asst.			Forf Support Proj
		Eng. Field Spt.			SOG Asst.			Butte - ITC			TFOS/CTD
		Eng. Tape Ex.			Swat Team			Sav - ITC			CXS/CTD
		Legats Asst.			Tech. Ag/Equip.			Poc - ITC			InfraGard/CyD
		Evid. Purchase			Phone Toll Rec			Ft. Mon. - ITC			OFC/CID
		Inf/CW Info			UCO - Group I			For. Lang Asst.			PPP
		Lab. Div. Exam			UCO - Group II			Non FBI Lab Ex			

A. Complaint / Information/ Indictment

☐ Federal ☐ Local ☐ International

Complaint Date: ___

Check if Civil Rico Complaint ☐

Information Date: ___

Indictment Date: ___

B. Locate / Arrest

☐ Federal ☐ Local ☐ International

Subject Priority: ☐ A ☐ B ☐ C

Locate Date: ___

Arrest Date: ___

☐ Subject Resisted Arrest

☐ Subject Arrested was Armed

C. Summons Date: ___

☐ Federal ☐ Local

D. Recovery / Restitution / PELP X

☐ Federal ☐ Local ☐ International

Recovery Date: ___

Code • ___ ✓ Amount $ ___

Code • ___ ✓ Amount $ ___

Restitution Date: ___

☐ Court Ordered ☐ Pretrial Diversion

Code • ___ ✓ Amount $ ___

PELP Date: ___

Code • ___ ✓ Amount $ ___

E. Hostages(s) Released Date: ___

Released by: ☐ Terrorist ☐ Other

Number of Hostages: ___

F. Conviction

☐ Federal ☐ Local ☐ International

Conviction Date: ___

Subject Description Code ___• (___)•

For 6F, G, H-Include Agency Code

☐ Felony or ☐ Misdemeanor

☐ Plea or ☐ Trial

State: ___ Judicial District: ___

G. U.S. Code Violation

Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: ___

Sentence Type: ___, ___, ___•

In Jail: Years___ Months___

Suspended: Years___ Months___

Probation: Years___ Months___

Fines: $ ___

I. Disruption/Dismantlement: ✓

Disruption Date: ___

Dismantlement Date: ___

Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: ___

Also complete "Section G"

Other Civil Matters Date: ___

Judgment ___ ___ ___ ___•

Judicial Outcome ___ ___ ___ ___•x

Amount $ ___

Suspension: Years ___ Months ___

K. Administrative Sanction Date: ___

Subject Description Code ___•

Type: ☐ Suspension ☐ Debarment ☐ Injunction

Length: ☐ Permanent or Year___ Months___

L. Asset Seizure Date: ___

Asset Forfeiture Date: ___

CATS # Mandatory ___

Circle below one of the three asset forfeiture:

Admin, Civil Judicial, or Criminal

Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion

(Circle one) Date: ___

N. Drug Seizures ✓ Date: ___

Drug Code • ___

Weight ___ Code • ___

FDIN ___

Do not indicate $ in Section D

O. Child Victim Information

Child located / Identified Date: 6/30/08

☒ Living ☐ Deceased

[redacted]

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

Name	Race*	Sex	Date of Birth	Social Security No. (if available)
[redacted]			[redacted]	

b6
b7C

For Indictments/Convictions only:

☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.

☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

Serial No. of FD-515

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.

• See codes on reverse side.

✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

31E-MM-108062-178

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

[redacted]

Assisting Agents SOC

[redacted]

Subject Name

[redacted]

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

	FINAN ANALYST		LAB FIELD SUP		UCO - NAT BACK		VICT-WITN COOR
	AIRCRAFT ASST		PEN REGISTERS		NCAVC/VI-CAP		IO WANTED FLYR
	COMPUTER ASST		PHOTO COVERGE		CRIM/NS INTEL		SARS
	CONSEN MONITR		POLYGRAPH		CRIS NEG-FED		CART
	ELSUR/FISC		SRCH WAR EXEC		CRIS NEG-LOC		ASSET FORF PRO
	ELSUR/III		SHOW MONEY		ERT ASST		FORF SUPPORT P
	ENG FIELD SUP		SOG ASST		BUTTE-ITC		TFOS/CTD
	ENG TAPE EXAM		SWAT TEAM		SAVANNAH-ITC		CXS/CTD
	LEGATS ASST.		TECH AG/EQUIP		POC-WRCSC		INFRAGARD/CYD
	EVIDNCE PURCH		TEL TOLL RECS		FT. MON-NRCSC		OFC/CID
	INFORMANT/CW		UCO-GROUP I		FOR LANG ASST		PPP
	LAB DIV EXAMS		UCO-GROUP II		NON FBI LAB EX		

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)	
Drugs	☐
A Fugitive	☐
Bankruptcy Fraud	☐
Computer Fraud/Abuse	☐
Corruption of Public Official	☐
Money Laundering	☐
Sub Invest Asst by FO(s)	☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.: [redacted]

Stat Agent Name: [redacted]

RA	Squad
PBCRA	PB-2

Assisting Agents Soc. Sec. No. x
1. [redacted]
Name: [redacted]
2. - -
Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
		Fin. Analyst			Lab. Field Sup			UCO - Nat.Back			Vict-Witn Coor
		Aircraft Asst.			Pen Registers			NCAVC/ Vi-CAP			IO Wanted Flyer
		Computer			Photo Cover			Crim/NS Intel Asst			SARs
		Consen Mon.			Polygraph			Crisis Neg.- Fed			CART
		ELSUR / FISC			Search Warrant			Crisis Neg.- Local			Asset Forf Prog
		ELSUR / T. III			Show Money			ERT Asst.			Forf Support Proj
		Eng. Field Spt.			SOG Asst.			Bulte - ITC			TFOS/CTD
		Eng. Tape Ex.			Swat Team			Sav - ITC			CXS/CTD
		Legats Asst.			Tech. Ag/Equip.			Poc - ITC			Infra/Gard/CyD
		Evid. Purchase			Phone Toll Rec			Ft. Mon. - ITC			OFC/CID
		Inf/CW Info			UCO - Group I			For. Lang Asst.			PPP
		Lab. Div. Exam			UCO - Group II			Non FBI Lab Ex			

A. Complaint / Information/ Indictment
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

B. Locate / Arrest
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

C. Summons Date: ___
☐ Federal ☐ Local

D. Recovery / Restitution / PELP X
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

E. Hostages(s) Released Date: ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

F. Conviction
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ • (___) •
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

G. U.S. Code Violation
Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: ___
Sentence Type: ___ , ___ , ___ •
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

I. Disruption/Dismantlement: ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___ •
Judicial Outcome ___ ___ ___ ___ • x
Amount $ ___
Suspension: Years ___ Months ___

K. Administrative Sanction Date: ___
Subject Description Code ___ •
Type: Length:
☐ Suspension ☐ Permanent
☐ Debarment or
☐ Injunction Year ___ Months ___

L. Asset Seizure Date: ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion
(Circle one) Date: ___

N. Drug Seizures ✓ Date: ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

O. Child Victim Information
Child located / identified Date: 6/30/08
☒ Living ☐ Deceased

[redacted]

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

	Race•	Sex	Date of Birth	Social Security No. (if available)
[redacted]			[redacted]	

b6
b7C

For Ind

☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-179

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

[redacted]

Assisting Agents SOC

[redacted]

Subject Name

[redacted]

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)	
Drugs	☐
A Fugitive	☐
Bankruptcy Fraud	☐
Computer Fraud/Abuse	☐
Corruption of Public Official	☐
Money Laundering	☐
Sub Invest Asst by FO(s)	☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number
31E-MM-108062

Stat Agent Soc. Sec. No.
[redacted]

Stat Agent Name
[redacted]

RA	Squad
PBCRA	PB-2

Assisting Agents Soc. Sec. No. X
[redacted]
Name [redacted]
2. - -
Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
		Fin. Analyst			Lab. Field Sup			UCO - Nat.Back			Vict-Witn Coor
		Aircraft Asst.			Pen Registers			NCAVC/ VI-CAP			IO Wanted Flyer
		Computer			Photo Cover			Crim/NS Intel Asst			SARs
		Consen Mon.			Polygraph			Crisis Neg.- Fed			CART
		ELSUR / FISC			Search Warrant			Crisis Neg.- Local			Asset Forf Prog
		ELSUR / T. III			Show Money			ERT Asst.			Forf Support Proj
		Eng. Field Spt.			SOG Asst.			Butte - ITC			TFOS/CTD
		Eng. Tape Ex.			Swat Team			Sav - ITC			CXS/CTD
		Legats Asst.			Tech. Ag/Equip.			Poc - ITC			InfraGard/CyD
		Evid. Purchase			Phone Toll Rec			Ft. Mon. - ITC			OFC/CID
		Inf/CW Info			UCO - Group I			For. Lang Asst.			PPP
		Lab. Div. Exam			UCO - Group II			Non FBI Lab Ex			

A. Complaint / Information/ Indictment
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

B. Locate / Arrest
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

C. Summons Date: ___
☐ Federal ☐ Local

D. Recovery / Restitution / PELP X
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

E. Hostages(s) Released Date: ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

F. Conviction
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___• (___)•
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

G. U.S. Code Violation
Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: ___
Sentence Type: ___, ___, ___•
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

I. Disruption/Dismantlement: ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___•
Judicial Outcome ___ ___ ___ ___•x
Amount $ ___
Suspension: Years ___ Months ___

K. Administrative Sanction Date: ___
Subject Description Code ___•
Type: ☐ Suspension ☐ Debarment ☐ Injunction
Length: ☐ Permanent or Year ___ Months ___

L. Asset Seizure Date: ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion
(Circle one) Date: ___

N. Drug Seizures ✓ Date: ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

O. Child Victim Information
Child located / Identified Date: 6/30/08
☒ Living ☐ Deceased

[redacted]

b6
b7C

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

Name	Race•	Sex	Date of Birth	Social Security No. (if available)
[redacted]			[redacted]	

For Indictments/Convictions only:
☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

Serial No. of FD-515

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

31E-MM-108062-180

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)	
Drugs	☐
A Fugitive	☐
Bankruptcy Fraud	☐
Computer Fraud/Abuse	☐
Corruption of Public Official	☐
Money Laundering	☐
Sub Invest Asst by FO(s)	☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.

Stat Agent Name

RA	Squad
PBCRA	PB-2

Assisting Agents Soc. Sec. No. X
1. [redacted]
Name [redacted]
2. - -
Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
	[redacted]	Fin. Analyst		[redacted]	Leb. Field Sup			UCO - Nat.Back		[redacted]	Vict-Witn Coor
	[redacted]	Aircraft Asst.		[redacted]	Pen Registers		[redacted]	NCAVC/ Vi-CAP		[redacted]	IO Wanted Flyer
	[redacted]	Computer		[redacted]	Photo Cover		[redacted]	Crim/NS Intel Asst		[redacted]	SARs
		Consen Mon.		[redacted]	Polygraph		[redacted]	Crisis Neg.- Fed		[redacted]	CART
		ELSUR / FISC		[redacted]	Search Warrant		[redacted]	Crisis Neg.- Local		[redacted]	Asset Forf Prog
		ELSUR / T. III		[redacted]	Show Money		[redacted]	ERT Asst.		[redacted]	Forf Support Proj
	[redacted]	Eng. Field Spt.			SOG Asst.		[redacted]	Butte - ITC			TFOS/CTD
	[redacted]	Eng. Tape Ex.		[redacted]	Swat Team		[redacted]	Sav - ITC			CXS/CTD
	[redacted]	Legats Asst.		[redacted]	Tech. Ag/Equip.		[redacted]	Pcc - ITC			InfraGard/CyD
		Evid. Purchase		[redacted]	Phone Toll Rec		[redacted]	FL Mon. - ITC		[redacted]	OFC/CID
		Inf/CW Info			UCO - Group I			For. Lang Asst.		[redacted]	PPP
	[redacted]	Lab. Div. Exam			UCO - Group II		[redacted]	Non FBI Lab Ex			

A. Complaint / Information/ Indictment
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

B. Locate / Arrest
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

C. Summons Date: ___
☐ Federal ☐ Local

D. Recovery / Restitution / PELP X
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

E. Hostages(s) Released Date: ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

F. Conviction
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___• (___)•
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

G. U.S. Code Violation
Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: ___
Sentence Type: ___, ___, ___•
In Jail: Years___ Months___
Suspended: Years___ Months___
Probation: Years___ Months___
Fines: $___

I. Disruption/Dismantlement: ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___•
Judicial Outcome ___ ___ ___ ___•x
Amount $ ___
Suspension: Years ___ Months ___

K. Administrative Sanction Date: ___
Subject Description Code ___•
Type: ☐ Suspension ☐ Debarment ☐ Injunction
Length: ☐ Permanent or Year___ Months___

L. Asset Seizure Date: ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion
(Circle one) Date: ___

N. Drug Seizures ✓ Date: ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

O. Child Victim Information
Child located / identified Date: 6/30/08
☒ Living ☐ Deceased

[redacted]

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

[redacted]	Race•	Sex	Date of Birth	Social Security No. (if available)
			[redacted]	

b6
b7C

For Indictment/Convictions Only:
☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-181

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)	
Drugs	☐
A Fugitive	☐
Bankruptcy Fraud	☐
Computer Fraud/Abuse	☐
Corruption of Public Official	☐
Money Laundering	☐
Sub Invest Asst by FO(s)	☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.

[redacted]

RA	Squad
PBCRA	PB-2

Assisting Agents Soc. Sec. No. x

1. [redacted]
Name [redacted]

2. - -
Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
		Fin. Analyst			Lab. Field Sup			UCO - Nat.Back			Vict-Wiln Coor
		Aircraft Asst.			Pen Registers			NCAVC/ VI-CAP			IO Wanted Flyer
		Computer			Photo Cover			Crim/NS Intel Asst			SARs
		Consen Mon.			Polygraph			Crisis Neg.- Fed			CART
		ELSUR / FISC			Search Warrant			Crisis Neg.- Local			Asset Forf Prog
		ELSUR / T. III			Show Money			ERT Asst.			Forf Support Proj
		Eng. Field Spt.			SOG Asst.			Bulte - ITC			TFOS/CTD
		Eng. Tape Ex.			Swat Team			Sav - ITC			CXS/CTD
		Legats Asst.			Tech. Ag/Equip.			Poc - ITC			InfraGard/CyD
		Evid. Purchase			Phone Toll Rec			Ft. Mon. - ITC			OFC/CID
		Inf/CW Info			UCO - Group I			For. Lang Asst.			PPP
		Lab. Div. Exam			UCO - Group II			Non FBI Lab Ex			

A. Complaint / Information/ Indictment
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

B. Locate / Arrest
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

C. Summons Date: ___
☐ Federal ☐ Local

D. Recovery / Restitution / PELP X
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

E. Hostages(s) Released Date: ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

F. Conviction
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ • (___) •
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

G. U.S. Code Violation
Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: ___
Sentence Type: ___ , ___ , ___ •
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

I. Disruption/Dismantlement: ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___ •
Judicial Outcome ___ ___ ___ ___ •x
Amount $ ___
Suspension: Years ___ Months ___

K. Administrative Sanction Date: ___
Subject Description Code ___ •
Type: Length:
☐ Suspension ☐ Permanent
☐ Debarment or
☐ Injunction Year ___ Months ___

L. Asset Seizure Date: ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion
(Circle one) Date: ___

N. Drug Seizures ✓ Date: ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

O. Child Victim Information
Child located / identified Date: 6/30/08
☒ Living ☐ Deceased

[redacted]

b6
b7C

P. Subject Information - Required for all blocks excluding block D. (Recovery/PELP), blocks E, I, L and N

	Race•	Sex	Date of Birth	Social Security No. (if available)
[redacted]			[redacted]	

For Indictments/Convictions only:
☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

Serial No. of FD-515

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

31E-MM-108062-182

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)

- Drugs ☐
- A Fugitive ☐
- Bankruptcy Fraud ☐
- Computer Fraud/Abuse ☐
- Corruption of Public Official ☐
- Money Laundering ☐
- Sub Invest Asst by FO(s) ☐

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.: [redacted]

Stat Agent Name: [redacted]

RA	Squad
PBCRA	PB-2

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force: [redacted]

Assisting Agents Soc. Sec. No. x
1. [redacted]
Name: [redacted]
2. - -
Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
		Fin. Analyst			Lab. Field Sup			UCO - Nat.Back			Vicl-Witn Coor
		Aircraft Asst.			Pen Registers			NCAVC/ VI-CAP			IO Wanted Flyer
		Computer			Photo Cover			Crim/NS Intel Asst			SARs
		Consen Mon.			Polygraph			Crisis Neg.- Fed			CART
		ELSUR / FISC			Search Warrant			Crisis Neg.- Local			Asset Forf Prog
		ELSUR / T. III			Show Money			ERT Asst.			Forf Support Proj
		Eng. Field Spt.			SOG Asst.			Butte - ITC			TFOS/CTD
		Eng. Tape Ex.			Swat Team			Sav - ITC			CXS/CTD
		Legats Asst.			Tech. Ag/Equip.			Poc - ITC			InfraGard/CyD
		Evid. Purchase			Phone Toll Rec			Ft. Mon. - ITC			OFC/CID
		Inf/CW Info			UCO - Group I			For. Lang Asst.			PPP
		Lab. Div. Exam			UCO - Group II			Non FBI Lab Ex			

A. Complaint / Information/ Indictment
☐ Federal ☐ Local ☐ International
Complaint Date: ____
Check if Civil Rico Complaint ☐
Information Date: ____
Indictment Date: ____

B. Locate / Arrest
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ____
Arrest Date: ____
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

C. Summons Date: ____
☐ Federal ☐ Local

D. Recovery / Restitution / PELP X
☐ Federal ☐ Local ☐ International
Recovery Date: ____
Code • ____ ✓ Amount $ ____
Code • ____ ✓ Amount $ ____
Restitution Date: ____
☐ Court Ordered ☐ Pretrial Diversion
Code • ____ ✓ Amount $ ____
PELP Date: ____
Code • ____ ✓ Amount $ ____

E. Hostages(s) Released Date: ____
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ____

F. Conviction
☐ Federal ☐ Local ☐ International
Conviction Date: ____
Subject Description Code ____ • (____)•
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ____ Judicial District: ____

G. U.S. Code Violation
Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: ____
Sentence Type: ____, ____, ____•
In Jail: Years ____ Months ____
Suspended: Years ____ Months ____
Probation: Years ____ Months ____
Fines: $ ____

I. Disruption/Dismantlement: ✓
Disruption Date: ____
Dismantlement Date: ____
Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: ____
Also complete "Section G"
Other Civil Matters Date: ____
Judgment ____ ____ ____ ____•
Judicial Outcome ____ ____ ____ ____•x
Amount $ ____
Suspension: Years ____ Months ____

K. Administrative Sanction Date: ____
Subject Description Code ____•
Type: ☐ Suspension ☐ Debarment ☐ Injunction
Length: ☐ Permanent or Year ____ Months ____

L. Asset Seizure Date: ____
Asset Forfeiture Date: ____
CATS # Mandatory ____
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion
(Circle one) Date: ____

N. Drug Seizures ✓ Date: ____
Drug Code • ____
Weight ____ Code • ____
FDIN ____
Do not indicate $ in Section D

O. Child Victim Information
Child located / identified Date: 6/30/08
☒ Living ☐ Deceased

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

Name	Race•	Sex	Date of Birth	Social Security No. (if available)
[redacted]			[redacted]	

b6
b7C

For Indictments/Convictions only
☐ Subject related to an LCN/Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-183

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)

- Drugs ☐
- A Fugitive ☐
- Bankruptcy Fraud ☐
- Computer Fraud/Abuse ☐
- Corruption of Public Official ☐
- Money Laundering ☐
- Sub Invest Asst by FO(s) ☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.

Stat Agent Name

RA	Squad
PBCRA	PB-2

Assisting Agents Soc. Sec. No. x

1. [redacted]
Name [redacted]

2. - -
Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
	[redacted]	Fin. Analyst		[redacted]	Lab. Field Sup		[redacted]	UCO - Nat.Back		[redacted]	Vict-Witn Coor
	[redacted]	Aircraft Asst.		[redacted]	Pen Registers		[redacted]	NCAVC/ Vi-CAP		[redacted]	IO Wanted Flyer
	[redacted]	Computer		[redacted]	Photo Cover		[redacted]	Grim/NS Intel Asst		[redacted]	SARs
		Consen Mon.		[redacted]	Polygraph		[redacted]	Crisis Neg.- Fed		[redacted]	CART
		ELSUR / FISC		[redacted]	Search Warrant		[redacted]	Crisis Neg.- Local		[redacted]	Asset Forf Prog
		ELSUR / T. III		[redacted]	Show Money		[redacted]	ERT Asst.		[redacted]	Forf Support Proj
	[redacted]	Eng. Field Spt.		[redacted]	SOG Asst.		[redacted]	Butte - ITC		[redacted]	TFOS/CTD
	[redacted]	Eng. Tape Ex.		[redacted]	Swat Team		[redacted]	Sav - ITC		[redacted]	CXS/CTD
	[redacted]	Legats Asst.		[redacted]	Tech. Ag/Equip.		[redacted]	Pcc - ITC		[redacted]	InfraGard/CyD
	[redacted]	Evid. Purchase		[redacted]	Phone Toll Rec		[redacted]	Ft. Mon. - ITC		[redacted]	OFC/CID
	[redacted]	Inf/CW Info		[redacted]	UCO - Group I		[redacted]	For. Lang Asst.		[redacted]	PPP
	[redacted]	Lab. Div. Exam		[redacted]	UCO - Group II		[redacted]	Non FBI Lab Ex		[redacted]	

A. Complaint / Information/ Indictment
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

B. Locate / Arrest
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

C. Summons Date: ___
☐ Federal ☐ Local

D. Recovery / Restitution / PELP X
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

E. Hostages(s) Released Date: ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

F. Conviction
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ • (___)•
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

G. U.S. Code Violation
Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: ___
Sentence Type: ___, ___, ___•
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

I. Disruption/Dismantlement: ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___•
Judicial Outcome ___ ___ ___ ___•x
Amount $ ___
Suspension: Years ___ Months ___

K. Administrative Sanction Date: ___
Subject Description Code ___•
Type: ☐ Suspension ☐ Debarment ☐ Injunction
Length: ☐ Permanent or Year ___ Months ___

L. Asset Seizure Date: ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion
(Circle one) Date: ___

N. Drug Seizures ✓ Date: ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

O. Child Victim Information
Child located / identified Date: 6/30/08
☒ Living ☐ Deceased

[redacted]

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

[redacted]	Race•	Sex	Date of Birth	Social Security No. (if available)
			[redacted]	

b6
b7C

For Indictment/Convictions only:
☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

Serial No. of FD-515

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

31E-MM-108062-184

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)	
Drugs	☐
A Fugitive	☐
Bankruptcy Fraud	☐
Computer Fraud/Abuse	☐
Corruption of Public Official	☐
Money Laundering	☐
Sub Invest Asst by FO(s)	☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.

Stat Agent Name

RA	Squad
PBCRA	PB-2

Assisting Agents Soc. Sec. No. x
1. [redacted]
Name: [redacted]
2. - -
Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
	[redacted]	Fin. Analyst		[redacted]	Lab. Field Sup		[redacted]	UCO - Nat.Back		[redacted]	Vict-Witn Coor
	[redacted]	Aircraft Asst.		[redacted]	Pen Registers		[redacted]	NCAVC/ VI-CAP		[redacted]	IO Wanted Flyer
	[redacted]	Computer		[redacted]	Photo Cover		[redacted]	Crim/NS Intel Asst		[redacted]	SARs
	[redacted]	Consen Mon.		[redacted]	Polygraph		[redacted]	Crisis Neg.- Fed		[redacted]	CART
	[redacted]	ELSUR / FISC		[redacted]	Search Warrant		[redacted]	Crisis Neg.- Local		[redacted]	Asset Forf Prog
	[redacted]	ELSUR / T. III		[redacted]	Show Money		[redacted]	ERT Asst.		[redacted]	Forf Support Proj
	[redacted]	Eng. Field Spt.		[redacted]	SOG Asst.		[redacted]	Butte - ITC		[redacted]	TFOS/CTD
	[redacted]	Eng. Tape Ex.		[redacted]	Swat Team		[redacted]	Sav - ITC		[redacted]	CXS/CTD
	[redacted]	Legats Asst.		[redacted]	Tech. Ag/Equip.		[redacted]	Pco - ITC		[redacted]	InfraGard/CyD
	[redacted]	Evid. Purchase		[redacted]	Phone Toll Rec		[redacted]	Ft. Mon. - ITC		[redacted]	OFC/CID
	[redacted]	Inf/CW Info		[redacted]	UCO - Group I		[redacted]	For. Lang Asst.		[redacted]	PPP
	[redacted]	Lab. Div. Exam		[redacted]	UCO - Group II		[redacted]	Non FBI Lab Ex			

A. Complaint / Information/ Indictment
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

B. Locate / Arrest
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

C. Summons Date: ___
☐ Federal ☐ Local

D. Recovery / Restitution / PELP X
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

E. Hostages(s) Released Date: ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

F. Conviction
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ • (___) •
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

G. U.S. Code Violation
Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: ___
Sentence Type: ___ , ___ , ___ •
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

I. Disruption/Dismantlement: ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___ •
Judicial Outcome ___ ___ ___ ___ • x
Amount $ ___
Suspension: Years ___ Months ___

K. Administrative Sanction Date: ___
Subject Description Code ___ •
Type: ☐ Suspension ☐ Debarment ☐ Injunction
Length: ☐ Permanent or Year ___ Months ___

L. Asset Seizure Date: ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion
(Circle one) Date: ___

N. Drug Seizures ✓ Date: ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

O. Child Victim Information
Child located / Identified Date: 6/30/08
☒ Living ☐ Deceased

[redacted]

b6
b7C

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

[redacted]	ce•	Sex	Date of Birth	Social Security No. (if available)
[redacted]			[redacted]	

For Indictments/Convictions only:
☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

Serial No. of FD-515

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

31E-MM-108062-185

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

[redacted]

Assisting Agents SOC

[redacted]

Subject Name

[redacted]

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)	
Drugs	☐
A Fugitive	☐
Bankruptcy Fraud	☐
Computer Fraud/Abuse	☐
Corruption of Public Official	☐
Money Laundering	☐
Sub Invest Asst by FO(s)	☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No. [redacted]

Stat Agent Name [redacted]

RA	Squad
PBCRA	PB-2

Assisting Agents Soc. Sec. No. x
1. [redacted]
Name: [redacted]
2. - -
Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
		Fin. Analyst			Lab. Field Sup			UCO - Nat.Back			Vict-Witn Coor
		Aircraft Asst.			Pen Registers			NCAV/C/ Vi-CAP			IO Wanted Flyer
		Computer			Photo Cover			Crim/NS Intel Asst			SARs
		Consen Mon.			Polygraph			Crisis Neg.- Fed			CART
		ELSUR / FISC			Search Warrant			Crisis Neg.- Local			Asset Forf Prog
		ELSUR / T. III			Show Money			ERT Asst.			Forf Support Proj
		Eng. Field Spt.			SOG Asst.			Butte - ITC			TFOS/CTD
		Eng. Tape Ex.			Swat Team			Sav - ITC			CXS/CTD
		Legals Asst.			Tech. Ag/Equip.			Poc - ITC			InfraGard/CyD
		Evid. Purchase			Phone Toll Rec			Ft. Mon. - ITC			OFC/CID
		Inf/CW Info			UCO - Group I			For. Lang Asst.			PPP
		Lab. Div. Exam			UCO - Group II			Non FBI Lab Ex			

A. Complaint / Information/ Indictment
☐ Federal ☐ Local ☐ International
Complaint Date: ____
Check if Civil Rico Complaint ☐
Information Date: ____
Indictment Date: ____

B. Locate / Arrest
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ____
Arrest Date: ____
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

C. Summons Date: ____
☐ Federal ☐ Local

D. Recovery / Restitution / PELP X
☐ Federal ☐ Local ☐ International
Recovery Date: ____
Code • ____ ✓ Amount $ ____
Code • ____ ✓ Amount $ ____
Restitution Date: ____
☐ Court Ordered ☐ Pretrial Diversion
Code • ____ ✓ Amount $ ____
PELP Date: ____
Code • ____ ✓ Amount $ ____

E. Hostages(s) Released Date: ____
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ____

F. Conviction
☐ Federal ☐ Local ☐ International
Conviction Date: ____
Subject Description Code ____• (____)•
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ____ Judicial District: ____

G. U.S. Code Violation
Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: ____
Sentence Type: ____, ____, ____•
In Jail: Years ____ Months ____
Suspended: Years ____ Months ____
Probation: Years ____ Months ____
Fines: $ ____

I. Disruption/Dismantlement: ✓
Disruption Date: ____
Dismantlement Date: ____
Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: ____
Also complete "Section G"
Other Civil Matters Date: ____
Judgment ____ ____ ____ ____•
Judicial Outcome ____ ____ ____ ____•x
Amount $ ____
Suspension: Years ____ Months ____

K. Administrative Sanction Date: ____
Subject Description Code ____•
Type: ☐ Suspension ☐ Debarment ☐ Injunction
Length: ☐ Permanent or Year ____ Months ____

L. Asset Seizure Date: ____
Asset Forfeiture Date: ____
CATS # Mandatory ____
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion
(Circle one) Date: ____

N. Drug Seizures ✓ Date: ____
Drug Code • ____
Weight ____ Code • ____
FDIN ____
Do not indicate $ in Section D

O. Child Victim Information
Child located / identified Date: 6/30/08
☒ Living ☐ Deceased

[redacted]

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

Name	Race•	Sex	Date of Birth	Social Security No. (if available)
[redacted]			[redacted]	

b6
b7C

For Indictments/Convictions only:
☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-186

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)
- Drugs ☐
- A Fugitive ☐
- Bankruptcy Fraud ☐
- Computer Fraud/Abuse ☐
- Corruption of Public Official ☐
- Money Laundering ☐
- Sub Invest Asst by FO(s) ☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.: [redacted]

Stat Agent Name: [redacted]

RA	Squad
PBCRA	PB-2

Assisting Agents Soc. Sec. No. x
1. [redacted]
Name: [redacted]
2. - -
Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
	[redacted]	Fin. Analyst		[redacted]	Lab. Field Sup			UCO - Nat.Back		[redacted]	Vict-Witn Coor
		Aircraft Asst.			Pen Registers			NCAVC/ Vi-CAP			IO Wanted Flyer
		Computer			Photo Cover			Crim/NS Intel Asst			SARs
		Consen Mon.			Polygraph			Crisis Neg.- Fed			CART
		ELSUR / FISC			Search Warrant			Crisis Neg.- Local			Asset Forf Prog
		ELSUR / T. III			Show Money			ERT Asst.			Forf Support Proj
		Eng. Field Spt.			SOG Asst.			Bulte - ITC			TFOS/CTD
		Eng. Tape Ex.			Swat Team			Sav - ITC			CXS/CTD
		Legats Asst.			Tech. Ag/Equip.			Poc - ITC			InfraGard/CyD
		Evid. Purchase			Phone Toll Rec			Ft. Mon. - ITC			OFC/CID
		Inf/CW Info			UCO - Group I			For. Lang Asst.			PPP
		Lab. Div. Exam			UCO - Group II			Non FBI Lab Ex			

A. Complaint / Information/ Indictment
☐ Federal ☐ Local ☐ International
Complaint Date: ____
Check if Civil Rico Complaint ☐
Information Date: ____
Indictment Date: ____

B. Locate / Arrest
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ____
Arrest Date: ____
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

C. Summons Date: ____
☐ Federal ☐ Local

D. Recovery / Restitution / PELP X
☐ Federal ☐ Local ☐ International
Recovery Date: ____
Code • ____ ✓ Amount $ ____
Code • ____ ✓ Amount $ ____
Restitution Date: ____
☐ Court Ordered ☐ Pretrial Diversion
Code • ____ ✓ Amount $ ____
PELP Date: ____
Code • ____ ✓ Amount $ ____

E. Hostages(s) Released Date: ____
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ____

F. Conviction
☐ Federal ☐ Local ☐ International
Conviction Date: ____
Subject Description Code ____ • (____)•
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ____ Judicial District: ____

G. U.S. Code Violation
Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: ____
Sentence Type: ____, ____, ____ •
In Jail: Years ____ Months ____
Suspended: Years ____ Months ____
Probation: Years ____ Months ____
Fines: $ ____

I. Disruption/Dismantlement: ✓
Disruption Date: ____
Dismantlement Date: ____
Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: ____
Also complete "Section G"
Other Civil Matters Date: ____
Judgment ____ ____ ____ ____ •
Judicial Outcome ____ ____ ____ ____ •x
Amount $ ____
Suspension: Years ____ Months ____

K. Administrative Sanction Date: ____
Subject Description Code ____ •
Type: ☐ Suspension ☐ Debarment ☐ Injunction
Length: ☐ Permanent or Year ____ Months ____

L. Asset Seizure Date: ____
Asset Forfeiture Date: ____
CATS # Mandatory ____
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion
(Circle one) Date: ____

N. Drug Seizures ✓ Date: ____
Drug Code • ____
Weight ____ Code • ____
FDIN ____
Do not indicate $ in Section D

O. Child Victim Information
Child located / Identified Date: 6/30/08
☒ Living ☐ Deceased

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

	Race•.	Sex	Date of Birth	Social Security No. (if available)
[redacted]			[redacted]	

b6
b7C

For Indictments/Convictions only:
☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-187

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)	
Drugs	☐
A Fugitive	☐
Bankruptcy Fraud	☐
Computer Fraud/Abuse	☐
Corruption of Public Official	☐
Money Laundering	☐
Sub Invest Asst by FO(s)	☐

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.: [redacted]

Stat Agent Name: [redacted]

RA	Squad
PBCRA	PB-2

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

Assisting Agents Soc. Sec. No. x
1. [redacted]
Name [redacted]
2. - -
Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
		Fin. Analyst			Lab. Field Sup			UCO - Nat.Back			Vict-Witn Coor
		Aircraft Asst.			Pen Registers			NCAVC/ Vi-CAP			IO Wanted Flyer
		Computer			Photo Cover			Crim/NS Intel Asst			SARs
		Consen Mon.			Polygraph			Crisis Neg.- Fed			CART
		ELSUR / FISC			Search Warrant			Crisis Neg.- Local			Asset Forf Prog
		ELSUR / T. III			Show Money			ERT Asst.			Forf Support Proj
		Eng. Field Spt.			SOG Asst.			Butte - ITC			TFOS/CTD
		Eng. Tape Ex.			Swat Team			Sav - ITC			CXS/CTD
		Legats Asst.			Tech. Ag/Equip.			Poc - ITC			InfraGard/CyD
		Evid. Purchase			Phone Toll Rec			FL Mon. - ITC			OFC/CID
		Inf/CW Info			UCO - Group I			For. Lang Asst.			PPP
		Lab. Div. Exam			UCO - Group II			Non FBI Lab Ex			

A. Complaint / Information/ Indictment
☐ Federal ☐ Local ☐ International
Complaint Date: ____
Check if Civil Rico Complaint ☐
Information Date: ____
Indictment Date: ____

B. Locate / Arrest
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ____
Arrest Date: ____
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

C. Summons Date: ____
☐ Federal ☐ Local

D. Recovery / Restitution / PELP X
☐ Federal ☐ Local ☐ International
Recovery Date: ____
Code • ____ ✓ Amount $ ____
Code • ____ ✓ Amount $ ____
Restitution Date: ____
☐ Court Ordered ☐ Pretrial Diversion
Code • ____ ✓ Amount $ ____
PELP Date: ____
Code • ____ ✓ Amount $ ____

E. Hostages(s) Released Date: ____
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ____

F. Conviction
☐ Federal ☐ Local ☐ International
Conviction Date: ____
Subject Description Code ____• (____)•
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ____ Judicial District: ____

G. U.S. Code Violation
Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: ____
Sentence Type: ____, ____, ____•
In Jail: Years ____ Months ____
Suspended: Years ____ Months ____
Probation: Years ____ Months ____
Fines: $ ____

I. Disruption/Dismantlement: ✓
Disruption Date: ____
Dismantlement Date: ____
Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: ____
Also complete "Section G"
Other Civil Matters Date: ____
Judgment ____ ____ ____ ____•
Judicial Outcome ____ ____ ____ ____•x
Amount $ ____
Suspension: Years ____ Months ____

K. Administrative Sanction Date: ____
Subject Description Code ____•
Type: Length:
☐ Suspension ☐ Permanent
☐ Debarment or
☐ Injunction Year ____ Months ____

L. Asset Seizure Date: ____
Asset Forfeiture Date: ____
CATS # Mandatory ____
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion
(Circle one) Date: ____

N. Drug Seizures ✓ Date: ____
Drug Code • ____
Weight ____ Code • ____
FDIN ____
Do not indicate $ in Section D

O. Child Victim Information
Child located / identified Date: 6/30/08
☒ Living ☐ Deceased

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

Name	Race•	Sex	Date of Birth	Social Security No. (If available)
[redacted]			[redacted]	

b6
b7C

☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-188

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

[redacted]

Assisting Agents SOC

[redacted]

Subject Name

[redacted]

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

Accomplishment involves: (check all that apply)

- Drugs ☐
- A Fugitive ☐
- Bankruptcy Fraud ☐
- Computer Fraud/Abuse ☐
- Corruption of Public Official ☐
- Money Laundering ☐
- Sub Invest Asst by FO(s) ☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.: [redacted]

Stat Agent Name: [redacted]

RA	Squad
PBCRA	PB-2

Assisting Agents Soc. Sec. No. x: [redacted]

Name: [redacted]

2. - -

Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
	[redacted]	Fin. Analyst		[redacted]	Lab. Field Sup		[redacted]	UCO - Nat.Back		[redacted]	Vict-Witn Coor
	[redacted]	Aircraft Asst.		[redacted]	Pen Registers		[redacted]	NCAVC/ Vi-CAP		[redacted]	IO Wanted Flyer
	[redacted]	Computer		[redacted]	Photo Cover		[redacted]	Crim/NS Intel Asst		[redacted]	SARs
		Consen Mon.		[redacted]	Polygraph		[redacted]	Crisis Neg.- Fed		[redacted]	CART
		ELSUR / FISC		[redacted]	Search Warrant		[redacted]	Crisis Neg.- Local		[redacted]	Asset Forf Prog
		ELSUR / T. III		[redacted]	Show Money		[redacted]	ERT Asst.		[redacted]	Forf Support Prol
	[redacted]	Eng. Field Spt.		[redacted]	SOG Asst.		[redacted]	Bulte - ITC		[redacted]	TFOS/CTD
	[redacted]	Eng. Tape Ex.		[redacted]	Swat Team		[redacted]	Sav - ITC		[redacted]	CXS/CTD
	[redacted]	Legats Asst.		[redacted]	Tech. Ag/Equip.		[redacted]	Pac - ITC		[redacted]	InfraGard/CyD
		Evid. Purchase		[redacted]	Phone Toll Rec		[redacted]	FL Mon. - ITC		[redacted]	OFC/CID
		Inf/CW Info			UCO - Group I		[redacted]	For. Lang Asst.		[redacted]	PPP
		Lab. Div. Exam			UCO - Group II		[redacted]	Non FBI Lab Ex			

b6
b7C
b7E

A. Complaint / Information/ Indictment
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

B. Locate / Arrest
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

C. Summons Date: ___
☐ Federal ☐ Local

D. Recovery / Restitution / PELP X
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

E. Hostages(s) Released Date: ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

F. Conviction
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ • (___)•
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

G. U.S. Code Violation
Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: ___
Sentence Type: ___ , ___ , ___ •
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

I. Disruption/Dismantlement: ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___ •
Judicial Outcome ___ ___ ___ ___ •x
Amount $ ___
Suspension: Years ___ Months ___

K. Administrative Sanction Date: ___
Subject Description Code ___ •
Type: ☐ Suspension ☐ Debarment ☐ Injunction
Length: ☐ Permanent or Year ___ Months ___

L. Asset Seizure Date: ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion
(Circle one) Date: ___

N. Drug Seizures ✓ Date: ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

O. Child Victim Information
Child located / identified Date: 6/30/08
☒ Living ☐ Deceased

[redacted]

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

[redacted]	Race•	Sex	Date of Birth	Social Security No. (if available)
			[redacted]	

b6
b7C

For Indictments/Convictions only:
☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an CCI/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

Serial No. of FD-515: ___

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

31E-MM-108062-189

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

[redacted]

Assisting Agents SOC

[redacted]

Subject Name

[redacted]

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)

- Drugs ☐
- A Fugitive ☐
- Bankruptcy Fraud ☐
- Computer Fraud/Abuse ☐
- Corruption of Public Official ☐
- Money Laundering ☐
- Sub Invest Asst by FO(s) ☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Slot Agent Soc. Sec. No.: [redacted]

Slot Agent Name: [redacted]

RA	Squad
PBCRA	PB-2

Assisting Agents Soc. Sec. No. x

1. [redacted]
Name: [redacted]

2. - -
Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
		Fin. Analyst			Lab. Field Sup			UCO - Nat.Back			Vict-Witn Coor
		Aircraft Asst.			Pen Registers			NCAVC/ Vi-CAP			IO Wanted Flyer
		Computer			Photo Cover			Crim/NS Intel Asst			SARs
		Consen Mon.			Polygraph			Crisis Neg.- Fed			CART
		ELSUR / FISC			Search Warrant			Crisis Neg.- Local			Asset Forf Prog
		ELSUR / T. III			Show Money			ERT Asst.			Forf Support Proj
		Eng. Field Spt.			SOG Asst.			Butte - ITC			TFOS/CTD
		Eng. Tape Ex.			Swat Team			Sav - ITC			CXS/CTD
		Legats Asst.			Tech. Ag/Equip.			Pcc - ITC			InfraGard/CyD
		Evid. Purchase			Phone Toll Rec			Ft. Mon. - ITC			OFC/CID
		Inf/CW Info			UCO - Group I			For. Lang Asst.			PPP
		Lab. Div. Exam			UCO - Group II			Non FBI Lab Ex			

A. Complaint / Information/ Indictment
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

B. Locate / Arrest
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

C. Summons Date: ___
☐ Federal ☐ Local

D. Recovery / Restitution / PELP X
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code * ___ ✓ Amount $ ___
Code * ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code * ___ ✓ Amount $ ___
PELP Date: ___
Code * ___ ✓ Amount $ ___

E. Hostages(s) Released Date: ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

F. Conviction
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ * (___) *
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

G. U.S. Code Violation
Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: ___
Sentence Type: ___, ___, ___ *
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

I. Disruption/Dismantlement: ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___ *
Judicial Outcome ___ ___ ___ ___ *x
Amount $ ___
Suspension: Years ___ Months ___

K. Administrative Sanction Date: ___
Subject Description Code ___ *
Type: Length:
☐ Suspension ☐ Permanent
☐ Debarment or
☐ Injunction Year ___ Months ___

L. Asset Seizure Date: ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion
(Circle one) Date: ___

N. Drug Seizures ✓ Date: ___
Drug Code * ___
Weight ___ Code * ___
FDIN ___
Do not indicate $ in Section D

O. Child Victim Information
Child located / identified Date: 6/30/08
☒ Living ☐ Deceased

[redacted]

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

	Race*	Sex	Date of Birth	Social Security No. (If available)
[redacted]			[redacted]	

b6
b7C

For Indictments/Convictions only:
☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an CCI/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
* See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-190

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)	
Drugs	☐
A Fugitive	☐
Bankruptcy Fraud	☐
Computer Fraud/Abuse	☐
Corruption of Public Official	☐
Money Laundering	☐
Sub Invest Asst by FO(s)	☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.

Stat Agent Name

RA	Squad
PBCRA	PB-2

Assisting Agents Soc. Sec. No. x
1. Name:
2. - - Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
	[redacted]	Fin. Analyst		[redacted]	Lab. Field Sup		[redacted]	UCO - Nat.Back		[redacted]	Vict-Witn Coor
	[redacted]	Aircraft Asst.		[redacted]	Pen Registers		[redacted]	NCAVC/ Vi-CAP		[redacted]	IO Wanted Flyer
	[redacted]	Computer		[redacted]	Photo Cover		[redacted]	Crim/NS Intel Asst		[redacted]	SARs
	[redacted]	Consen Mon.		[redacted]	Polygraph		[redacted]	Crisis Neg.- Fed		[redacted]	CART
	[redacted]	ELSUR / FISC		[redacted]	Search Warrant		[redacted]	Crisis Neg.- Local		[redacted]	Asset Forf Prog
	[redacted]	ELSUR / T. III		[redacted]	Show Money		[redacted]	ERT Asst.		[redacted]	Forf Support Proj
	[redacted]	Eng. Field Spt.		[redacted]	SOG Asst.		[redacted]	Butte - ITC		[redacted]	TFOS/CTD
	[redacted]	Eng. Tape Ex.		[redacted]	Swat Team		[redacted]	Sav - ITC		[redacted]	CXS/CTD
	[redacted]	Legats Asst.		[redacted]	Tech. Ag/Equip.		[redacted]	Poc - ITC		[redacted]	InfraGard/CyD
	[redacted]	Evid. Purchase		[redacted]	Phone Toll Rec		[redacted]	Ft. Mon. - ITC		[redacted]	OFC/CID
	[redacted]	Inf/CW Info		[redacted]	UCO - Group I		[redacted]	For. Lang Asst.		[redacted]	PPP
	[redacted]	Lab. Div. Exam		[redacted]	UCO - Group II		[redacted]	Non FBI Lab Ex			

A. Complaint / Information/ Indictment
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

B. Locate / Arrest
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

C. Summons Date: ___
☐ Federal ☐ Local

D. Recovery / Restitution / PELP X
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

E. Hostages(s) Released Date: ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

F. Conviction
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ • (___) •
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

G. U.S. Code Violation
Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: ___
Sentence Type: ___ , ___ , ___ •
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

I. Disruption/Dismantlement: ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___ •
Judicial Outcome ___ ___ ___ ___ • x
Amount $ ___
Suspension: Years ___ Months ___

K. Administrative Sanction Date: ___
Subject Description Code ___ •
Type: Length:
☐ Suspension ☐ Permanent
☐ Debarment or
☐ Injunction Year ___ Months ___

L. Asset Seizure Date: ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion
(Circle one) Date: ___

N. Drug Seizures ✓ Date: ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

O. Child Victim Information
Child located / identified Date: 6/30/08
☒ Living ☐ Deceased

[redacted]

b6
b7C

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

Name	Race•	Sex	Date of Birth	Social Security No. (if available)
[redacted]			[redacted]	

For Indictments/Convictions only:
☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-191

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)

- Drugs ☐
- A Fugitive ☐
- Bankruptcy Fraud ☐
- Computer Fraud/Abuse ☐
- Corruption of Public Official ☐
- Money Laundering ☐
- Sub Invest Asst by FO(s) ☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.

Stat Agent Name

RA	Squad
PBCRA	PB-2

Assisting Agents Soc. Sec. No. x

Name

2. - -

Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
		Fin. Analyst			Lab. Field Sup			UCO - Nat.Back			Vict-Witn Coor
		Aircraft Asst.			Pen Registers			NCAVC/ Vi-CAP			IO Wanted Flyer
		Computer			Photo Cover			Crim/NS Intel Asst			SARs
		Consen Mon.			Polygraph			Crisis Neg.- Fed			CART
		ELSUR / FISC			Search Warrant			Crisis Neg.- Local			Asset Forf Prog
		ELSUR / T. III			Show Money			ERT Asst.			Forf Support Proj
		Eng. Field Spt.			SOG Asst.			Butte - ITC			TFOS/CTD
		Eng. Tape Ex.			Swat Team			Sav - ITC			CXS/CTD
		Legats Asst.			Tech. Ag/Equip.			Pos - ITC			InfraGard/CyD
		Evid. Purchase			Phone Toll Rec			Ft. Mon. - ITC			OFC/CID
		Inf/CW Info			UCO - Group I			For. Lang Asst.			PPP
		Lab. Div. Exam			UCO - Group II			Non FBI Lab Ex			

A. Complaint / Information/ Indictment

☐ Federal ☐ Local ☐ International

Complaint Date: _____

Check if Civil Rico Complaint ☐

Information Date: _____

Indictment Date: _____

B. Locate / Arrest

☐ Federal ☐ Local ☐ International

Subject Priority: ☐ A ☐ B ☐ C

Locate Date: _____

Arrest Date: _____

☐ Subject Resisted Arrest

☐ Subject Arrested was Armed

C. Summons Date: _____

☐ Federal ☐ Local

D. Recovery / Restitution / PELP X

☐ Federal ☐ Local ☐ International

Recovery Date: _____

Code • _____ ✓ Amount $ _____

Code • _____ ✓ Amount $ _____

Restitution Date: _____

☐ Court Ordered ☐ Pretrial Diversion

Code • _____ ✓ Amount $ _____

PELP Date: _____

Code • _____ ✓ Amount $ _____

E. Hostages(s) Released Date: _____

Released by: ☐ Terrorist ☐ Other

Number of Hostages: _____

F. Conviction

☐ Federal ☐ Local ☐ International

Conviction Date: _____

Subject Description Code _____ • (_____) •

For 6F, G, H-Include Agency Code

☐ Felony or ☐ Misdemeanor

☐ Plea or ☐ Trial

State: _____ Judicial District: _____

G. U.S. Code Violation

Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: _____

Sentence Type: _____ , _____ , _____ •

In Jail: Years _____ Months _____

Suspended: Years _____ Months _____

Probation: Years _____ Months _____

Fines: $ _____

I. Disruption/Dismantlement: ✓

Disruption Date: _____

Dismantlement Date: _____

Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: _____

Also complete "Section G"

Other Civil Matters Date: _____

Judgment ___ ___ ___ ___ •

Judicial Outcome ___ ___ ___ ___ • x

Amount $ _____

Suspension: Years _____ Months _____

K. Administrative Sanction Date: _____

Subject Description Code _____ •

Type:
☐ Suspension
☐ Debarment
☐ Injunction

Length:
☐ Permanent
or
Year _____ Months _____

L. Asset Seizure Date: _____

Asset Forfeiture Date: _____

CATS # Mandatory _____

Circle below one of the three asset forfeiture:

Admin, Civil Judicial, or Criminal

Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion

(Circle one) Date: _____

N. Drug Seizures ✓ Date: _____

Drug Code • _____

Weight _____ Code • _____

FDIN _____

Do not indicate $ in Section D

O. Child Victim Information

Child located / Identified Date: 6/30/08

☒ Living ☐ Deceased

[redacted]

b6
b7C

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

	Race •	Sex	Date of Birth	Social Security No. (if available)
[redacted]			[redacted]	

For Indictments/Convictions only:

☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.

☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.

• See codes on reverse side.

✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-192

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

[redacted]

Assisting Agents SOC

[redacted]

Subject Name

[redacted]

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)	
Drugs	☐
A Fugitive	☐
Bankruptcy Fraud	☐
Computer Fraud/Abuse	☐
Corruption of Public Official	☐
Money Laundering	☐
Sub Invest Asst by FO(s)	☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.

Stat Agent Name

RA	Squad
PBCRA	PB-2

Assisting Agents Soc. Sec. No. x
1. Name:
2. Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
	[redacted]	Fin. Analyst		[redacted]	Lab. Field Sup		[redacted]	UCO - Nat.Back		[redacted]	Vict-Witn Coor
	[redacted]	Aircraft Asst.		[redacted]	Pen Registers		[redacted]	NCAVC/ VI-CAP		[redacted]	IO Wanted Flyer
	[redacted]	Computer		[redacted]	Photo Cover		[redacted]	Crim/NS Intel Asst		[redacted]	SARs
	[redacted]	Consen Mon.		[redacted]	Polygraph		[redacted]	Crisis Neg.- Fed		[redacted]	CART
	[redacted]	ELSUR / FISC		[redacted]	Search Warrant		[redacted]	Crisis Neg.- Local		[redacted]	Asset Forf Prog
	[redacted]	ELSUR / T. III		[redacted]	Show Money		[redacted]	ERT Asst.		[redacted]	Forf Support Proj
	[redacted]	Eng. Field Spt.		[redacted]	SOG Asst.		[redacted]	Butte - ITC		[redacted]	TFOS/CTD
	[redacted]	Eng. Tape Ex.		[redacted]	Swat Team		[redacted]	Sav - ITC		[redacted]	CXS/CTD
	[redacted]	Legats Asst.		[redacted]	Tech. Ag/Equip.		[redacted]	Poc - ITC		[redacted]	InfraGard/CyD
	[redacted]	Evid. Purchase		[redacted]	Phone Toll Rec		[redacted]	Ft. Mon. - ITC		[redacted]	OFC/CID
	[redacted]	Inf/CW Info		[redacted]	UCO - Group I		[redacted]	For. Lang Asst.		[redacted]	PPP
	[redacted]	Lab. Div. Exam		[redacted]	UCO - Group II		[redacted]	Non FBI Lab Ex			

A. Complaint / Information/ Indictment
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

B. Locate / Arrest
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

C. Summons Date: ___
☐ Federal ☐ Local

D. Recovery / Restitution / PELP X
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

E. Hostages(s) Released Date: ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

F. Conviction
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ • (___)•
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

G. U.S. Code Violation
Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: ___
Sentence Type: ___, ___, ___•
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

I. Disruption/Dismantlement: ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___•
Judicial Outcome ___ ___ ___ ___•x
Amount $ ___
Suspension: Years ___ Months ___

K. Administrative Sanction Date: ___
Subject Description Code ___•
Type: Length:
☐ Suspension ☐ Permanent
☐ Debarment or
☐ Injunction Year ___ Months ___

L. Asset Seizure Date: ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion
(Circle one) Date: ___

N. Drug Seizures ✓ Date: ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

O. Child Victim Information
Child located / identified Date: 06/30/2008 [redacted]
☒ Living ☐ Deceased

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

Name	Race•	Sex	Date of Birth	Social Security No. (if available)
[redacted]			[redacted]	

b6
b7C

Fo
☐ Subject related to an EOC/Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515b, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515b, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-193

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

[redacted]

Assisting Agents SOC

[redacted]

Subject Name

[redacted]

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)	
Drugs	☐
A Fugitive	☐
Bankruptcy Fraud	☐
Computer Fraud/Abuse	☐
Corruption of Public Official	☐
Money Laundering	☐
Sub Invest Asst by FO(s)	☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No. [redacted]

Stat Agent Name [redacted]

RA: PBCRA
Squad: PB-2

Assisting Agents Soc. Sec. No. x [redacted]
Name [redacted]
2. - -
Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
	[redacted]	Fin. Analyst		[redacted]	Lab. Field Sup			UCO - Nat.Back		[redacted]	Vict-Witn Coor
	[redacted]	Aircraft Asst.		[redacted]	Pen Registers		[redacted]	NCAVC/ Vi-CAP		[redacted]	IO Wanted Flyer
	[redacted]	Computer		[redacted]	Photo Cover		[redacted]	Crim/NS Intel Asst		[redacted]	SARs
		Consen Mon.		[redacted]	Polygraph		[redacted]	Crisis Neg.- Fed		[redacted]	CART
		ELSUR / FISC		[redacted]	Search Warrant		[redacted]	Crisis Neg.- Local		[redacted]	Asset Forf Prog
		ELSUR / T. III		[redacted]	Show Money		[redacted]	ERT Asst.		[redacted]	Forf Support Proj
	[redacted]	Eng. Field Spt.		[redacted]	SOG Asst.		[redacted]	Bulte - ITC		[redacted]	TFOS/CTD
	[redacted]	Eng. Tape Ex.		[redacted]	Swat Team		[redacted]	Sav - ITC		[redacted]	CXS/CTD
	[redacted]	Legats Asst.		[redacted]	Tech. Ag/Equip.		[redacted]	Poc - ITC		[redacted]	InfraGard/CyD
	[redacted]	Evid. Purchase		[redacted]	Phone Toll Rec		[redacted]	Ft. Mon. - ITC		[redacted]	OFC/CID
	[redacted]	Inf/CW Info		[redacted]	UCO - Group I		[redacted]	For. Lang Asst.		[redacted]	PPP
	[redacted]	Lab. Div. Exam		[redacted]	UCO - Group II		[redacted]	Non FBI Lab Ex			

A. Complaint / Information/ Indictment
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

B. Locate / Arrest
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

C. Summons Date: ___
☐ Federal ☐ Local

D. Recovery / Restitution / PELP X
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

E. Hostages(s) Released Date: ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

F. Conviction
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ • (___)•
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

G. U.S. Code Violation
Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: ___
Sentence Type: ___ , ___ , ___ •
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

I. Disruption/Dismantlement: ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___ •
Judicial Outcome ___ ___ ___ ___ •x
Amount $ ___
Suspension: Years ___ Months ___

K. Administrative Sanction Date: ___
Subject Description Code ___ •
Type: Length:
☐ Suspension ☐ Permanent
☐ Debarment or
☐ Injunction Year ___ Months ___

L. Asset Seizure Date: ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion
(Circle one) Date: ___

N. Drug Seizures ✓ Date: ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

O. Child Victim Information
Child located / identified Date: 06/30/2008
☒ Living ☐ Deceased

b6
b7C

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

	Race•	Sex	Date of Birth	Social Security No. (if available)
[redacted]			[redacted]	

☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515b, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515b, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-197

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

[redacted]

Assisting Agents SOC

[redacted]

Subject Name

[redacted]

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)	
Drugs	☐
A Fugitive	☐
Bankruptcy Fraud	☐
Computer Fraud/Abuse	☐
Corruption of Public Official	☐
Money Laundering	☐
Sub Invest Asst by FO(s)	☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.

Stat Agent Name

RA	Squad
PBCRA	PB-2

Assisting Agents Soc. Sec. No. x
1.
Name
2. - -
Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
		Fin. Analyst			Lab. Field Sup			UCO - Nat.Back			Vict-Witn Coor
		Aircraft Asst.			Pen Registers			NCAVC/ VI-CAP			IO Wanted Flyer
		Computer			Photo Cover			Crim/NS Intel Asst			SARs
		Consen Mon.			Polygraph			Crisis Neg.- Fed			CART
		ELSUR / FISC			Search Warrant			Crisis Neg.- Local			Asset Forf Prog
		ELSUR / T. III			Show Money			ERT Asst.			Forf Support Proj
		Eng. Field Spt.			SOG Asst.			Butte - ITC			TFOS/CTD
		Eng. Tape Ex.			Swat Team			Sav - ITC			CXS/CTD
		Legats Asst.			Tech. Ag/Equip.			Poc - ITC			InfraGard/CyD
		Evid. Purchase			Phone Toll Rec			Ft. Mon. - ITC			OFC/CID
		Inf/CW Info			UCO - Group I			For. Lang Asst.			PPP
		Lab. Div. Exam			UCO - Group II			Non FBI Lab Ex			

A. Complaint / Information/ Indictment
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

B. Locate / Arrest
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

C. Summons Date: ___
☐ Federal ☐ Local

D. Recovery / Restitution / PELP X
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

E. Hostages(s) Released Date: ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

F. Conviction
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ • (___)•
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

G. U.S. Code Violation
Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: ___
Sentence Type: ___ , ___ , ___ •
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

I. Disruption/Dismantlement: ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___ •
Judicial Outcome ___ ___ ___ ___ •x
Amount $ ___
Suspension: Years ___ Months ___

K. Administrative Sanction Date: ___
Subject Description Code ___ •
Type: Length:
☐ Suspension ☐ Permanent
☐ Debarment or
☐ Injunction Year ___ Months ___

L. Asset Seizure Date: ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion
(Circle one) Date: ___

N. Drug Seizures ✓ Date: ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

O. Child Victim Information
Child located / identified Date: 06/30/2008
☒ Living ☐ Deceased

[redacted]

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

	Race•	Sex	Date of Birth	Social Security No. (if available)
[redacted]				

For

☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515b, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

b6
b7C

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-195

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)	
Drugs	☐
A Fugitive	☐
Bankruptcy Fraud	☐
Computer Fraud/Abuse	☐
Corruption of Public Official	☐
Money Laundering	☐
Sub Invest Asst by FO(s)	☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.: [redacted]

Stat Agent Name: [redacted]

RA	Squad
PBCRA	PB-2

Assisting Agents Soc. Sec. No. x: [redacted]

Name: [redacted]

2. - -

Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
	[redacted]	Fin. Analyst		[redacted]	Lab. Field Sup			UCO - Nat.Back		[redacted]	Vict-Witn Coor
	[redacted]	Aircraft Asst.		[redacted]	Pen Registers			NCAVC/ VI-CAP		[redacted]	IO Wanted Flyer
	[redacted]	Computer		[redacted]	Photo Cover			Crim/NS Intel Asst		[redacted]	SARs
	[redacted]	Consen Mon.		[redacted]	Polygraph			Crisis Neg.- Fed		[redacted]	CART
	[redacted]	ELSUR / FISC		[redacted]	Search Warrant			Crisis Neg.- Local		[redacted]	Asset Forf Prog
	[redacted]	ELSUR / T. III		[redacted]	Show Money			ERT Asst.		[redacted]	Forf Support Proj
	[redacted]	Eng. Field Spt.		[redacted]	SOG Asst.			Bulte - ITC		[redacted]	TFOS/CTD
	[redacted]	Eng. Tape Ex.		[redacted]	Swat Team			Sav - ITC		[redacted]	CXS/CTD
	[redacted]	Legats Asst.		[redacted]	Tech. Ag/Equip.			Poc - ITC		[redacted]	InfraGard/CyD
	[redacted]	Evid. Purchase		[redacted]	Phone Toll Rec			Fl. Mon. - ITC		[redacted]	OFC/CID
	[redacted]	Inf/CW Info		[redacted]	UCO - Group I			For. Lang Asst.		[redacted]	PPP
	[redacted]	Lab. Div. Exam		[redacted]	UCO - Group II		[redacted]	Non FBI Lab Ex			

A. Complaint / Information/ Indictment

☐ Federal ☐ Local ☐ International

Complaint Date: _____

Check if Civil Rico Complaint ☐

Information Date: _____

Indictment Date: _____

B. Locate / Arrest

☐ Federal ☐ Local ☐ International

Subject Priority: ☐ A ☐ B ☐ C

Locate Date: _____

Arrest Date: _____

☐ Subject Resisted Arrest

☐ Subject Arrested was Armed

C. Summons Date: _____

☐ Federal ☐ Local

D. Recovery / Restitution / PELP X

☐ Federal ☐ Local ☐ International

Recovery Date: _____

Code • _____ ✓ Amount $ _____

Code • _____ ✓ Amount $ _____

Restitution Date: _____

☐ Court Ordered ☐ Pretrial Diversion

Code • _____ ✓ Amount $ _____

PELP Date: _____

Code • _____ ✓ Amount $ _____

E. Hostages(s) Released Date: _____

Released by: ☐ Terrorist ☐ Other

Number of Hostages: _____

F. Conviction

☐ Federal ☐ Local ☐ International

Conviction Date: _____

Subject Description Code _____ • (_____)•

For 6F, G, H-Include Agency Code

☐ Felony or ☐ Misdemeanor

☐ Plea or ☐ Trial

State: _____ Judicial District: _____

G. U.S. Code Violation

Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: _____

Sentence Type: _____, _____, _____•

In Jail: Years_____ Months_____

Suspended: Years_____ Months_____

Probation: Years_____ Months_____

Fines: $_____

I. Disruption/Dismantlement: ✓

Disruption Date: _____

Dismantlement Date: _____

Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: _____

Also complete "Section G"

Other Civil Matters Date: _____

Judgment ___ ___ ___ ___•

Judicial Outcome ___ ___ ___ ___•x

Amount $ _____

Suspension: Years _____ Months _____

K. Administrative Sanction Date: _____

Subject Description Code _____•

Type: Length:

☐ Suspension ☐ Permanent

☐ Debarment or

☐ Injunction Year_____ Months_____

L. Asset Seizure Date: _____

Asset Forfeiture Date: _____

CATS # Mandatory _____

Circle below one of the three asset forfeiture:

Admin, Civil Judicial, or Criminal

Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion

(Circle one) Date: _____

N. Drug Seizures ✓ **Date:** _____

Drug Code • _____

Weight _____ Code • _____

FDIN _____

Do not indicate $ in Section D

O. Child Victim Information

Child located / identified Date: 06/30/2008

☒ Living ☐ Deceased

[redacted]

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

	Race•	Sex	Date of Birth	Social Security No. (if available)
[redacted]			[redacted]	

b6
b7C

For Indictments/Convictions only:

☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.

☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.

• See codes on reverse side.

✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-196

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

[redacted]

Assisting Agents SOC

[redacted]

Subject Name

[redacted]

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)

- Drugs ☐
- A Fugitive ☐
- Bankruptcy Fraud ☐
- Computer Fraud/Abuse ☐
- Corruption of Public Official ☐
- Money Laundering ☐
- Sub Invest Asst by FO(s) ☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.

Stat Agent Name

RA	Squad
PBCRA	PB-2

Assisting Agents Soc. Sec. No. x

Name:

2. - -

Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
		Fin. Analyst			Lab. Field Sup			UCO - Nat.Back			Vict-Wiln Coor
		Aircraft Asst.			Pen Registers			NCAVC/ Vi-CAP			IO Wanted Flyer
		Computer			Photo Cover			Crim/NS Intel Asst			SARs
		Consen Mon.			Polygraph			Crisis Neg.- Fed			CART
		ELSUR / FISC			Search Warrant			Crisis Neg.- Local			Asset Forf Prog
		ELSUR / T. III			Show Money			ERT Asst.			Forf Support Proj
		Eng. Field Spt.			SOG Asst.			Butte - ITC			TFOS/CTD
		Eng. Tape Ex.			Swat Team			Sav - ITC			CXS/CTD
		Legats Asst.			Tech. Ap/Equip.			Poc - ITC			InfraGard/CyD
		Evid. Purchase			Phone Toll Rec			Ft. Mon. - ITC			OFC/CID
		Inf/CW Info			UCO - Group I			For. Lang Asst.			PPP
		Lab. Div. Exam			UCO - Group II			Non FBI Lab Ex			

A. Complaint / Information/ Indictment

☐ Federal ☐ Local ☐ International

Complaint Date: _____

Check if Civil Rico Complaint ☐

Information Date: _____

Indictment Date: _____

B. Locate / Arrest

☐ Federal ☐ Local ☐ International

Subject Priority: ☐ A ☐ B ☐ C

Locate Date: _____

Arrest Date: _____

☐ Subject Resisted Arrest

☐ Subject Arrested was Armed

C. Summons Date: _____

☐ Federal ☐ Local

D. Recovery / Restitution / PELP X

☐ Federal ☐ Local ☐ International

Recovery Date: _____

Code • _____ ✓ Amount $ _____

Code • _____ ✓ Amount $ _____

Restitution Date: _____

☐ Court Ordered ☐ Pretrial Diversion

Code • _____ ✓ Amount $ _____

PELP Date: _____

Code • _____ ✓ Amount $ _____

E. Hostages(s) Released Date: _____

Released by: ☐ Terrorist ☐ Other

Number of Hostages: _____

F. Conviction

☐ Federal ☐ Local ☐ International

Conviction Date: _____

Subject Description Code _____ • (_____)•

For 6F, G, H-Include Agency Code

☐ Felony or ☐ Misdemeanor

☐ Plea or ☐ Trial

State: _____ Judicial District: _____

G. U.S. Code Violation

Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: _____

Sentence Type: _____ , _____ , _____ •

In Jail: Years _____ Months _____

Suspended: Years _____ Months _____

Probation: Years _____ Months _____

Fines: $ _____

I. Disruption/Dismantlement: ✓

Disruption Date: _____

Dismantlement Date: _____

Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: _____

Also complete "Section G"

Other Civil Matters Date: _____

Judgment _____ _____ _____ _____ •

Judicial Outcome _____ _____ _____ _____ •x

Amount $ _____

Suspension: Years _____ Months _____

K. Administrative Sanction Date: _____

Subject Description Code _____ •

Type: Length:

☐ Suspension ☐ Permanent

☐ Debarment or

☐ Injunction Year _____ Months _____

L. Asset Seizure Date: _____

Asset Forfeiture Date: _____

CATS # Mandatory _____

Circle below one of the three asset forfeiture:

Admin, Civil Judicial, or Criminal

Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion

(Circle one) Date: _____

N. Drug Seizures ✓ Date: _____

Drug Code • _____

Weight _____ Code • _____

FDIN _____

Do not indicate $ in Section D

O. Child Victim Information

Child located / identified Date: 06/30/2008

☒ Living ☐ Deceased

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

b6
b7C

[redacted]	Race•	Sex	Date of Birth	Social Security No. (if available)
			[redacted]	

☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.

☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.

• See codes on reverse side.

✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-197

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)	
Drugs	☐
A Fugitive	☐
Bankruptcy Fraud	☐
Computer Fraud/Abuse	☐
Corruption of Public Official	☐
Money Laundering	☐
Sub Invest Asst by FO(s)	☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.

Stat Agent Name: [redacted]

RA	Squad
PBCRA	PB-2

Assisting Agents Soc. Sec. No. x

Name: [redacted]

2. - -

Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
	[redacted]	Fin. Analyst		[redacted]	Lab. Field Sup			UCO - Nat.Back		[redacted]	Vict-Witn Coor
	[redacted]	Aircraft Asst.		[redacted]	Pen Registers		[redacted]	NCAVC/ Vi-CAP		[redacted]	IO Wanted Flyer
	[redacted]	Computer		[redacted]	Photo Cover		[redacted]	Crim/NS Intel Asst		[redacted]	SARs
	[redacted]	Consen Mon.		[redacted]	Polygraph		[redacted]	Crisis Neg.- Fed		[redacted]	CART
	[redacted]	ELSUR / FISC		[redacted]	Search Warrant		[redacted]	Crisis Neg.- Local		[redacted]	Asset Forf Prog
	[redacted]	ELSUR / T. III		[redacted]	Show Money		[redacted]	ERT Asst.		[redacted]	Forf Support Proj
	[redacted]	Eng. Field Spt.		[redacted]	SOG Asst.		[redacted]	Butte - ITC		[redacted]	TFOS/CTD
	[redacted]	Eng. Tape Ex.		[redacted]	Swat Team		[redacted]	Sav - ITC		[redacted]	CXS/CTD
	[redacted]	Legats Asst.		[redacted]	Tech. Ag/Equip.		[redacted]	Poc - ITC		[redacted]	InfraGard/CyD
	[redacted]	Evid. Purchase		[redacted]	Phone Toll Rec		[redacted]	Ft. Mon. - ITC		[redacted]	OFC/CID
	[redacted]	Inf/CW Info		[redacted]	UCO - Group I		[redacted]	For. Lang Asst.		[redacted]	PPP
	[redacted]	Lab. Div. Exam		[redacted]	UCO - Group II		[redacted]	Non FBI Lab Ex			

A. Complaint / Information/ Indictment

☐ Federal ☐ Local ☐ International

Complaint Date: _____

Check if Civil Rico Complaint ☐

Information Date: _____

Indictment Date: _____

B. Locate / Arrest

☐ Federal ☐ Local ☐ International

Subject Priority: ☐ A ☐ B ☐ C

Locate Date: _____

Arrest Date: _____

☐ Subject Resisted Arrest

☐ Subject Arrested was Armed

C. Summons Date: _____

☐ Federal ☐ Local

D. Recovery / Restitution / PELP X

☐ Federal ☐ Local ☐ International

Recovery Date: _____

Code • _____ ✓ Amount $ _____

Code • _____ ✓ Amount $ _____

Restitution Date: _____

☐ Court Ordered ☐ Pretrial Diversion

Code • _____ ✓ Amount $ _____

PELP Date: _____

Code • _____ ✓ Amount $ _____

E. Hostages(s) Released Date: _____

Released by: ☐ Terrorist ☐ Other

Number of Hostages: _____

F. Conviction

☐ Federal ☐ Local ☐ International

Conviction Date: _____

Subject Description Code _____ • (_____)•

For 6F, G, H-Include Agency Code

☐ Felony or ☐ Misdemeanor

☐ Plea or ☐ Trial

State: _____ Judicial District: _____

G. U.S. Code Violation

Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: _____

Sentence Type: _____, _____, _____•

In Jail: Years _____ Months _____

Suspended: Years _____ Months _____

Probation: Years _____ Months _____

Fines: $ _____

I. Disruption/Dismantlement: ✓

Disruption Date: _____

Dismantlement Date: _____

Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: _____

Also complete "Section G"

Other Civil Matters Date: _____

Judgment _____ _____ _____ _____•

Judicial Outcome _____ _____ _____ _____•x

Amount $ _____

Suspension: Years _____ Months _____

K. Administrative Sanction Date: _____

Subject Description Code _____•

Type: ☐ Suspension ☐ Debarment ☐ Injunction

Length: ☐ Permanent or Year _____ Months _____

L. Asset Seizure Date: _____

Asset Forfeiture Date: _____

CATS # Mandatory _____

Circle below one of the three asset forfeiture:

Admin, Civil Judicial, or Criminal

Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion

(Circle one) Date: _____

N. Drug Seizures ✓ **Date:** _____

Drug Code • _____

Weight _____ Code • _____

FDIN _____

Do not indicate $ in Section D

O. Child Victim Information

Child located / identified Date: 06/30/2008

☒ Living ☐ Deceased

[redacted]

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

	Race•	Sex	Date of Birth	Social Security No. (if available)
[redacted]			[redacted]	

b6
b7C

Fo

☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.

☐ Subject related to an OCDrug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.

• See codes on reverse side.

✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-198

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

[redacted]

Assisting Agents SOC

[redacted]

Subject Name

[redacted]

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)

- Drugs ☐
- A Fugitive ☐
- Bankruptcy Fraud ☐
- Computer Fraud/Abuse ☐
- Corruption of Public Official ☐
- Money Laundering ☐
- Sub Invest Asst by FO(s) ☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.

Stat Agent Name

RA	Squad
PBORA	PB-2

Assisting Agents Soc. Sec. No. x

1. [redacted]
Name: [redacted]
2. - -
Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
		Fin. Analyst			Lab. Field Sup			UCO - Nat.Back			Vict-Witn Coor
		Aircraft Asst.			Pen Registers			NCAVC/ Vi-CAP			IO Wanted Flyer
		Computer			Photo Cover			Crim/NS Intel Asst			SARs
		Consen Mon.			Polygraph			Crisis Neg.- Fed			CART
		ELSUR / FISC			Search Warrant			Crisis Neg.- Local			Asset Forf Prog
		ELSUR / T. III			Show Money			ERT Asst.			Forf Support Proj
		Eng. Field Spt.			SOG Asst.			Bulte - ITC			TFOS/CTD
		Eng. Tape Ex.			Swat Team			Sav - ITC			CXS/CTD
		Legals Asst.			Tech. Ag/Equip.			Poc - ITC			InfraGard/CyD
		Evid. Purchase			Phone Toll Rec			Fi. Mon. - ITC			OFC/CID
		Inf/CW Info			UCO - Group I			For. Lang Asst.			PPP
		Lab. Div. Exam			UCO - Group II			Non FBI Lab Ex			

A. Complaint / Information/ Indictment
☐ Federal ☐ Local ☐ International
Complaint Date: ____
Check if Civil Rico Complaint ☐
Information Date: ____
Indictment Date: ____

B. Locate / Arrest
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ____
Arrest Date: ____
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

C. Summons Date: ____
☐ Federal ☐ Local

D. Recovery / Restitution / PELP X
☐ Federal ☐ Local ☐ International
Recovery Date: ____
Code • ____ ✓ Amount $ ____
Code • ____ ✓ Amount $ ____
Restitution Date: ____
☐ Court Ordered ☐ Pretrial Diversion
Code • ____ ✓ Amount $ ____
PELP Date: ____
Code • ____ ✓ Amount $ ____

E. Hostages(s) Released Date: ____
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ____

F. Conviction
☐ Federal ☐ Local ☐ International
Conviction Date: ____
Subject Description Code ____ • (____) •
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ____ Judicial District: ____

G. U.S. Code Violation
Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: ____
Sentence Type: ____ , ____ , ____ •
In Jail: Years ____ Months ____
Suspended: Years ____ Months ____
Probation: Years ____ Months ____
Fines: $ ____

I. Disruption/Dismantlement: ✓
Disruption Date: ____
Dismantlement Date: ____
Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: ____
Also complete "Section G"
Other Civil Matters Date: ____
Judgment ____ ____ ____ ____ •
Judicial Outcome ____ ____ ____ ____ • x
Amount $ ____
Suspension: Years ____ Months ____

K. Administrative Sanction Date: ____
Subject Description Code ____ •
Type: Length:
☐ Suspension ☐ Permanent
☐ Debarment or
☐ Injunction Year ____ Months ____

L. Asset Seizure Date: ____
Asset Forfeiture Date: ____
CATS # Mandatory ____
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion
(Circle one) Date: ____

N. Drug Seizures ✓ **Date:** ____
Drug Code • ____
Weight ____ Code • ____
FDIN ____
Do not indicate $ in Section D

O. Child Victim Information
Child located / identified Date: 06/30/2008
☒ Living ☐ Deceased

[redacted]

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

b6
b7C

Name	Race•	Sex	Date of Birth	Social Security No. (if available)
[redacted]			[redacted]	

For Indictments/Convictions only:
☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515b, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515b, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-199

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)

- Drugs ☐
- A Fugitive ☐
- Bankruptcy Fraud ☐
- Computer Fraud/Abuse ☐
- Corruption of Public Official ☐
- Money Laundering ☐
- Sub Invest Asst by FO(s) ☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.

Stat Agent Name

RA	Squad
PBCRA	PB-2

Assisting Agents Soc. Sec. No. ×
1. Name:
2. Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
		Fin. Analyst			Lab. Field Sup			UCO - Nat.Back			Vict-Witn Coor
		Aircraft Asst.			Pen Registers			NCAVC/ Vi-CAP			IO Wanted Flyer
		Computer			Photo Cover			Crim/NS Intel Asst			SARs
		Consen Mon.			Polygraph			Crisis Neg.- Fed			CART
		ELSUR / FISC			Search Warrant			Crisis Neg.- Local			Asset Forf Prog
		ELSUR / T. III			Show Money			ERT Asst.			Forf Support Proj
		Eng. Field Spt.			SOG Asst.			Butte - ITC			TFOS/CTD
		Eng. Tape Ex.			Swat Team			Sav - ITC			CXS/CTD
		Legats Asst.			Tech. Ag/Equip.			Poc - ITC			InfraGard/CyD
		Evid. Purchase			Phone Toll Rec			Ft. Mon. - ITC			OFC/CID
		Int/CW Info			UCO - Group I			For. Lang Asst.			PPP
		Lab. Div. Exam			UCO - Group II			Non FBI Lab Ex			

A. Complaint / Information/ Indictment
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

B. Locate / Arrest
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

C. Summons Date: ___
☐ Federal ☐ Local

D. Recovery / Restitution / PELP X
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

E. Hostages(s) Released Date: ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

F. Conviction
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ • (___) •
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

G. U.S. Code Violation
Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: ___
Sentence Type: ___ , ___ , ___ •
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

I. Disruption/Dismantlement: ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___ •
Judicial Outcome ___ ___ ___ ___ • x
Amount $ ___
Suspension: Years ___ Months ___

K. Administrative Sanction Date: ___
Subject Description Code ___ •
Type: Length:
☐ Suspension ☐ Permanent
☐ Debarment or
☐ Injunction Year ___ Months ___

L. Asset Seizure Date: ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion
(Circle one) Date: ___

N. Drug Seizures ✓ **Date:** ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

O. Child Victim Information
Child located / identified Date: 06/30/2008
☒ Living ☐ Deceased

[redacted]

b6
b7C

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

	Race•	Sex	Date of Birth	Social Security No. (if available)
[redacted]				

☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OCDrug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-200

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

[redacted]

Assisting Agents SOC

[redacted]

Subject Name

[redacted]

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)

- Drugs ☐
- A Fugitive ☐
- Bankruptcy Fraud ☐
- Computer Fraud/Abuse ☐
- Corruption of Public Official ☐
- Money Laundering ☐
- Sub Invest Asst by FO(s) ☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No. [redacted]

Stat Agent Name [redacted]

RA	Squad
PBCRA	PB-2

Assisting Agents Soc. Sec. No. x [redacted]

Name [redacted]

2. - -

Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
	[redacted]	Fin. Analyst		[redacted]	Lab. Field Sup		[redacted]	UCO - Nat.Back		[redacted]	Vict-Witn Coor
	[redacted]	Aircraft Asst.		[redacted]	Pen Registers		[redacted]	NCAVC/ VI-CAP		[redacted]	IO Wanted Flyer
	[redacted]	Computer		[redacted]	Photo Cover		[redacted]	Crim/NS Intel Asst		[redacted]	SARs
	[redacted]	Consen Mon.		[redacted]	Polygraph		[redacted]	Crisis Neg.- Fed		[redacted]	CART
	[redacted]	ELSUR / FISC		[redacted]	Search Warrant		[redacted]	Crisis Neg.- Local		[redacted]	Asset Forf Prog
	[redacted]	ELSUR / T. III		[redacted]	Show Money		[redacted]	ERT Asst.		[redacted]	Forf Support Proj
	[redacted]	Eng. Field Spt.		[redacted]	SOG Asst.		[redacted]	Bulte - ITC		[redacted]	TFOS/CTD
	[redacted]	Eng. Tape Ex.		[redacted]	Swat Team		[redacted]	Sav - ITC		[redacted]	CXS/CTD
	[redacted]	Legats Asst.		[redacted]	Tech. Ag/Equip.		[redacted]	Poc - ITC		[redacted]	InfraGard/CyD
	[redacted]	Evid. Purchase		[redacted]	Phone Toll Rec		[redacted]	Ft. Mon. - ITC		[redacted]	OFC/CID
	[redacted]	Inf/CW Info		[redacted]	UCO - Group I		[redacted]	For. Lang Asst.		[redacted]	PPP
	[redacted]	Lab. Div. Exam		[redacted]	UCO - Group II		[redacted]	Non FBI Lab Ex			

A. Complaint / Information/ Indictment

☐ Federal ☐ Local ☐ International

Complaint Date: _____

Check if Civil Rico Complaint ☐

Information Date: _____

Indictment Date: _____

B. Locate / Arrest

☐ Federal ☐ Local ☐ International

Subject Priority: ☐ A ☐ B ☐ C

Locate Date: _____

Arrest Date: _____

☐ Subject Resisted Arrest

☐ Subject Arrested was Armed

C. Summons Date: _____

☐ Federal ☐ Local

D. Recovery / Restitution / PELP X

☐ Federal ☐ Local ☐ International

Recovery Date: _____

Code • _____ ✓ Amount $ _____

Code • _____ ✓ Amount $ _____

Restitution Date: _____

☐ Court Ordered ☐ Pretrial Diversion

Code • _____ ✓ Amount $ _____

PELP Date: _____

Code • _____ ✓ Amount $ _____

E. Hostages(s) Released Date: _____

Released by: ☐ Terrorist ☐ Other

Number of Hostages: _____

F. Conviction

☐ Federal ☐ Local ☐ International

Conviction Date: _____

Subject Description Code _____ • (_____)•

For 6F, G, H-Include Agency Code

☐ Felony or ☐ Misdemeanor

☐ Plea or ☐ Trial

State: _____ Judicial District: _____

G. U.S. Code Violation

Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: _____

Sentence Type: _____ , _____ , _____ •

In Jail: Years_____ Months_____

Suspended: Years_____ Months_____

Probation: Years_____ Months_____

Fines: $_____

I. Disruption/Dismantlement: ✓

Disruption Date: _____

Dismantlement Date: _____

Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: _____

Also complete "Section G"

Other Civil Matters Date: _____

Judgment ___ ___ ___ ___ •

Judicial Outcome ___ ___ ___ ___ •x

Amount $ _____

Suspension: Years _____ Months _____

K. Administrative Sanction Date: _____

Subject Description Code _____ •

Type: Length:

☐ Suspension ☐ Permanent

☐ Debarment or

☐ Injunction Year_____ Months_____

L. Asset Seizure Date: _____

Asset Forfeiture Date: _____

CATS # Mandatory _____

Circle below one of the three asset forfeiture:

Admin, Civil Judicial, or Criminal

Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion

(Circle one) Date: _____

N. Drug Seizures ✓ **Date:** _____

Drug Code • _____

Weight _____ Code • _____

FDIN _____

Do not indicate $ in Section D

O. Child Victim Information

Child located / identified Date: 06/30/2008

☒ Living ☐ Deceased

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

	Race•	Sex	Date of Birth	Social Security No. (if available)
[redacted]			[redacted]	

b6
b7C

For Indictments/Convictions only:

☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515b, Side 1 Blocks A-E mandatory, F-H as appropriate.

☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515b, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.

• See codes on reverse side.

✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-201

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.: [redacted]

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

[redacted]

Assisting Agents SOC

[redacted]

Subject Name

[redacted]

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials

Accomplishment involves: (check all that apply)

- Drugs ☐
- A Fugitive ☐
- Bankruptcy Fraud ☐
- Computer Fraud/Abuse ☐
- Corruption of Public Official ☐
- Money Laundering ☐
- Sub Invest Asst by FO(s) ☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.

Stat Agent Name

RA	Squad
PBCRA	PB-2

Assisting Agents Soc. Sec. No. x

Name

2. - -

Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
		Fin. Analyst			Lab. Field Sup			UCO - Nat.Back			Vict-Witn Coor
		Aircraft Asst.			Pen Registers			NCAVC/ Vi-CAP			IO Wanted Flyer
		Computer			Photo Cover			Crim/NS Intel Asst			SARs
		Consen Mon.			Polygraph			Crisis Neg.- Fed			CART
		ELSUR / FISC			Search Warrant			Crisis Neg.- Local			Asset Forf Prog
		ELSUR / T. III			Show Money			ERT Asst.			Forf Support Proj
		Eng. Field Spt.			SOG Asst.			Bulle - ITC			TFOS/CTD
		Eng. Tape Ex.			Swat Team			Sav - ITC			CXS/CTD
		Legats Asst.			Tech. Ag/Equip.			Poc - ITC			InfraGard/CyD
		Evid. Purchase			Phone Toll Rec			Ft. Mon. - ITC			OFC/CID
		Inf/CW Info			UCO - Group I			For. Lang Asst.			PPP
		Lab. Div. Exam			UCO - Group II			Non FBI Lab Ex			

b6
b7C
b7E

A. Complaint / Information/ Indictment

☐ Federal ☐ Local ☐ International

Complaint Date: _____

Check if Civil Rico Complaint ☐

Information Date: _____

Indictment Date: _____

B. Locate / Arrest

☐ Federal ☐ Local ☐ International

Subject Priority: ☐ A ☐ B ☐ C

Locate Date: _____

Arrest Date: _____

☐ Subject Resisted Arrest

☐ Subject Arrested was Armed

C. Summons Date: _____

☐ Federal ☐ Local

D. Recovery / Restitution / PELP X

☐ Federal ☐ Local ☐ International

Recovery Date: _____

Code • _____ ✓ Amount $ _____

Code • _____ ✓ Amount $ _____

Restitution Date: _____

☐ Court Ordered ☐ Pretrial Diversion

Code • _____ ✓ Amount $ _____

PELP Date: _____

Code • _____ ✓ Amount $ _____

E. Hostages(s) Released Date: _____

Released by: ☐ Terrorist ☐ Other

Number of Hostages: _____

F. Conviction

☐ Federal ☐ Local ☐ International

Conviction Date: _____

Subject Description Code _____ • (_____)•

For 6F, G, H-Include Agency Code

☐ Felony or ☐ Misdemeanor

☐ Plea or ☐ Trial

State: _____ Judicial District: _____

G. U.S. Code Violation

Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: _____

Sentence Type: _____, _____, _____•

In Jail: Years_____ Months_____

Suspended: Years_____ Months_____

Probation: Years_____ Months_____

Fines: $_____

I. Disruption/Dismantlement: ✓

Disruption Date: _____

Dismantlement Date: _____

Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: _____

Also complete "Section G"

Other Civil Matters Date: _____

Judgment _____ _____ _____ _____•

Judicial Outcome _____ _____ _____ _____•x

Amount $ _____

Suspension: Years _____ Months _____

K. Administrative Sanction Date: _____

Subject Description Code _____•

Type: Length:

☐ Suspension ☐ Permanent

☐ Debarment or

☐ Injunction Year_____ Months_____

L. Asset Seizure Date: _____

Asset Forfeiture Date: _____

CATS # Mandatory _____

Circle below one of the three asset forfeiture:

Admin, Civil Judicial, or Criminal

Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion

(Circle one) Date: _____

N. Drug Seizures ✓ **Date:** _____

Drug Code • _____

Weight _____ Code • _____

FDIN _____

Do not indicate $ in Section D

O. Child Victim Information

Child located / identified Date: 06/30/2008

☒ Living ☐ Deceased

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

	Race•	Sex	Date of Birth	Social Security No. (if available)

b6
b7C

For

☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.

☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.

• See codes on reverse side.

✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-202

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)	
Drugs	☐
A Fugitive	☐
Bankruptcy Fraud	☐
Computer Fraud/Abuse	☐
Corruption of Public Official	☐
Money Laundering	☐
Sub Invest Asst by FO(s)	☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.

Stat Agent Name

RA	Squad
PBCRA	PB-2

Assisting Agents Soc. Sec. No. x
1.
Name:
2. - -
Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
		Fin. Analyst			Lab. Field Sup			UCO - Nat.Back			Vict-Witn Coor
		Aircraft Asst.			Pen Registers			NCAVC/ Vi-CAP			ID Wanted Flyer
		Computer			Photo Cover			Crim/NS Intel Asst			SARs
		Consen Mon.			Polygraph			Crisis Neg.- Fed			CART
		ELSUR / FISC			Search Warrant			Crisis Neg.- Local			Asset Forf Prog
		ELSUR / T. III			Show Money			ERT Asst.			Forf Support Proj
		Eng. Field Spt.			SOG Asst.			Bulte - ITC			TFOS/CTD
		Eng. Tape Ex.			Swat Team			Sav - ITC			CXS/CTD
		Legats Asst.			Tech. Ag/Equip.			Poc - ITC			InfraGard/CyD
		Evid. Purchase			Phone Toll Rec			Fl. Mon. - ITC			OFC/CID
		Inf/CW Info			UCO - Group I			For. Lang Asst.			PPP
		Lab. Div. Exam			UCO - Group II			Non FBI Lab Ex			

A. Complaint / Information/ Indictment
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

B. Locate / Arrest
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

C. Summons Date: ___
☐ Federal ☐ Local

D. Recovery / Restitution / PELP X
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code * ___ ✓ Amount $ ___
Code * ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code * ___ ✓ Amount $ ___
PELP Date: ___
Code * ___ ✓ Amount $ ___

E. Hostages(s) Released Date: ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

F. Conviction
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ * (___) *
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

G. U.S. Code Violation
Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: ___
Sentence Type: ___ , ___ , ___ *
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

I. Disruption/Dismantlement: ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___ *
Judicial Outcome ___ ___ ___ ___ *x
Amount $ ___
Suspension: Years ___ Months ___

K. Administrative Sanction Date: ___
Subject Description Code ___ *
Type: Length:
☐ Suspension ☐ Permanent
☐ Debarment or
☐ Injunction Year ___ Months ___

L. Asset Seizure Date: ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion
(Circle one) Date: ___

N. Drug Seizures ✓ Date: ___
Drug Code * ___
Weight ___ Code * ___
FDIN ___
Do not indicate $ in Section D

O. Child Victim Information
Child located / identified Date: 06/30/2008
☒ Living ☐ Deceased

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

	Race*	Sex	Date of Birth	Social Security No. (if available)
[redacted]			[redacted]	

b6
b7C

For [redacted]
☐ Subject related to an LCN Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515b, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
* See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-203

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/98
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)

- Drugs ☐
- A Fugitive ☐
- Bankruptcy Fraud ☐
- Computer Fraud/Abuse ☐
- Corruption of Public Official ☐
- Money Laundering ☐
- Sub Invest Asst by FO(s) ☐

Asst. FO(s) ____ ____ ____ ____
A. B. C. D.

Task Force

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.

Stat Agent Name

RA	Squad
PBCRA	PB-2

Assisting Agents Soc. Sec. No. x

Name

2. - -

Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
		Fin. Analyst			Lab. Field Sup			UCO - Nat.Back			Vict-Witn Coor
		Aircraft Asst.			Pen Registers			NCAVC/ Vi-CAP			IO Wanted Flyer
		Computer			Photo Cover			Crim/NS Intel Asst			SARs
		Consen Mon.			Polygraph			Crisis Neg.- Fed			CART
		ELSUR / FISC			Search Warrant			Crisis Neg.- Local			Asset Forf Prog
		ELSUR / T. III			Show Money			ERT Asst.			Forf Support Proj
		Eng. Field Spt.			SOG Asst.			Butte - ITC			TFOS/CTD
		Eng. Tape Ex.			Swat Team			Sav - ITC			CXS/CTD
		Legats Asst.			Tech. Ag/Equip.			Poc - ITC			InfraGard/CyD
		Evid. Purchase			Phone Toll Rec			Ft. Mon. - ITC			OFC/CID
		Inf/CW Info			UCO - Group I			For. Lang Asst.			PPP
		Lab. Div. Exam			UCO - Group II			Non FBI Lab Ex			

A. Complaint / Information/ Indictment

☐ Federal ☐ Local ☐ International

Complaint Date: _____

Check if Civil Rico Complaint ☐

Information Date: _____

Indictment Date: _____

B. Locate / Arrest

☐ Federal ☐ Local ☐ International

Subject Priority: ☐ A ☐ B ☐ C

Locate Date: _____

Arrest Date: _____

☐ Subject Resisted Arrest

☐ Subject Arrested was Armed

C. Summons Date: _____

☐ Federal ☐ Local

D. Recovery / Restitution / PELP X

☐ Federal ☐ Local ☐ International

Recovery Date: _____

Code • _____ ✓ Amount $ _____

Code • _____ ✓ Amount $ _____

Restitution Date: _____

☐ Court Ordered ☐ Pretrial Diversion

Code • _____ ✓ Amount $ _____

PELP Date: _____

Code • _____ ✓ Amount $ _____

E. Hostages(s) Released Date: _____

Released by: ☐ Terrorist ☐ Other

Number of Hostages: _____

F. Conviction

☐ Federal ☐ Local ☐ International

Conviction Date: _____

Subject Description Code _____ • (_____) •

For 6F, G, H-Include Agency Code

☐ Felony or ☐ Misdemeanor

☐ Plea or ☐ Trial

State: _____ Judicial District: _____

G. U.S. Code Violation

Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: _____

Sentence Type: _____ , _____ , _____ •

In Jail: Years _____ Months _____

Suspended: Years _____ Months _____

Probation: Years _____ Months _____

Fines: $ _____

I. Disruption/Dismantlement: ✓

Disruption Date: _____

Dismantlement Date: _____

Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: _____

Also complete "Section G"

Other Civil Matters Date: _____

Judgment _____ _____ _____ _____ •

Judicial Outcome _____ _____ _____ _____ • x

Amount $ _____

Suspension: Years _____ Months _____

K. Administrative Sanction Date: _____

Subject Description Code _____ •

Type: ☐ Suspension ☐ Debarment ☐ Injunction

Length: ☐ Permanent or Year _____ Months _____

L. Asset Seizure Date: _____

Asset Forfeiture Date: _____

CATS # Mandatory _____

Circle below one of the three asset forfeiture:

Admin, Civil Judicial, or Criminal

Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion

(Circle one) Date: _____

N. Drug Seizures ✓ **Date:** _____

Drug Code • _____

Weight _____ Code • _____

FDIN _____

Do not indicate $ in Section D

O. Child Victim Information

Child located / identified Date: 06/30/2008

☒ Living ☐ Deceased

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

b6
b7C

Name	Race•	Sex	Date of Birth	Social Security No. (if available)
[redacted]			[redacted]	

For Indictments/Convictions only:

☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515b, Side 1 Blocks A-E mandatory, F-H as appropriate.

☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.

• See codes on reverse side.

✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-20Y

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)	
Drugs	☐
A Fugitive	☐
Bankruptcy Fraud	☐
Computer Fraud/Abuse	☐
Corruption of Public Official	☐
Money Laundering	☐
Sub Invest Asst by FO(s)	☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.: [redacted]

Stat Agent Name: [redacted]

RA: PBCRA Squad: PB-2

Assisting Agents Soc. Sec. No. x
1. [redacted]
Name: [redacted]
2. - -
Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
	[redacted]	Fin. Analyst		[redacted]	Lab. Field Sup		[redacted]	UCO - Nat.Back		[redacted]	Vict-Witn Coor
	[redacted]	Aircraft Asst.		[redacted]	Pen Registers		[redacted]	NCAVC/ Vi-CAP		[redacted]	IO Wanted Flyer
	[redacted]	Computer		[redacted]	Photo Cover		[redacted]	Crim/NS Intel Asst		[redacted]	SARs
	[redacted]	Consen Mon.		[redacted]	Polygraph		[redacted]	Crisis Neg.- Fed		[redacted]	CART
	[redacted]	ELSUR / FISC		[redacted]	Search Warrant		[redacted]	Crisis Neg.- Local		[redacted]	Asset Forf Prog
	[redacted]	ELSUR / T. III		[redacted]	Show Money		[redacted]	ERT Asst.		[redacted]	Forf Support Prol
	[redacted]	Eng. Field Spt.		[redacted]	SOG Asst.		[redacted]	Butte - ITC		[redacted]	TFOS/CTD
	[redacted]	Eng. Tape Ex.		[redacted]	Swat Team		[redacted]	Sav - ITC		[redacted]	CXS/CTD
	[redacted]	Legats Asst.		[redacted]	Tech. Ag/Equip.		[redacted]	Poc - ITC		[redacted]	InfraGard/CyD
	[redacted]	Evid. Purchase		[redacted]	Phone Toll Rec		[redacted]	Ft. Mon. - ITC		[redacted]	OFC/CID
	[redacted]	Inf/CW Info		[redacted]	UCO - Group I		[redacted]	For. Lang Asst.		[redacted]	PPP
	[redacted]	Lab. Div. Exam		[redacted]	UCO - Group II		[redacted]	Non FBI Lab Ex			

A. Complaint / Information/ Indictment
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

B. Locate / Arrest
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

C. Summons Date: ___
☐ Federal ☐ Local

D. Recovery / Restitution / PELP X
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

E. Hostages(s) Released Date: ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

F. Conviction
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ • (___) •
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

G. U.S. Code Violation
Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: ___
Sentence Type: ___, ___, ___ •
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

I. Disruption/Dismantlement: ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___ •
Judicial Outcome ___ ___ ___ ___ • x
Amount $ ___
Suspension: Years ___ Months ___

K. Administrative Sanction Date: ___
Subject Description Code ___ •
Type: Length:
☐ Suspension ☐ Permanent
☐ Debarment or
☐ Injunction Year ___ Months ___

L. Asset Seizure Date: ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion
(Circle one) Date: ___

N. Drug Seizures ✓ Date: ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

O. Child Victim Information
Child located / identified Date: 06/30/2008
☒ Living ☐ Deceased

[redacted]

b6
b7C

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

	Race•	Sex	Date of Birth	Social Security No. (if available)
[redacted]			[redacted]	

For I

☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515b, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515o, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-205

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)

- Drugs ☐
- A Fugitive ☐
- Bankruptcy Fraud ☐
- Computer Fraud/Abuse ☐
- Corruption of Public Official ☐
- Money Laundering ☐
- Sub Invest Asst by FO(s) ☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.

Stat Agent Name

RA	Squad
PBCRA	PB-2

Assisting Agents Soc. Sec. No. x

1. Name:

2. Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
		Fin. Analyst			Lab. Field Sup			UCO - Nat.Back			Vict-Witn Coor
		Aircraft Asst.			Pen Registers			NCAVC/ Vi-CAP			IO Wanted Flyer
		Computer			Photo Cover			Crim/NS Intel Asst			SARs
		Consen Mon.			Polygraph			Crisis Neg.- Fed			CART
		ELSUR / FISC			Search Warrant			Crisis Neg.- Local			Asset Forf Prog
		ELSUR / T. III			Show Money			ERT Asst.			Forf Support Proj
		Eng. Field Spt.			SOG Asst.			Bulte - ITC			TFOS/CTD
		Eng. Tape Ex.			Swat Team			Sav - ITC			CXS/CTD
		Legats Asst.			Tech. Ag/Equip.			Poc - ITC			InfraGard/CyD
		Evid. Purchase			Phone Toll Rec			Ft. Mon. - ITC			OFC/CID
		Inf/CW Info			UCO - Group I			For. Lang Asst.			PPP
		Lab. Div. Exam			UCO - Group II			Non FBI Lab Ex			

A. Complaint / Information/ Indictment

☐ Federal ☐ Local ☐ International

Complaint Date: _____

Check if Civil Rico Complaint ☐

Information Date: _____

Indictment Date: _____

B. Locate / Arrest

☐ Federal ☐ Local ☐ International

Subject Priority: ☐ A ☐ B ☐ C

Locate Date: _____

Arrest Date: _____

☐ Subject Resisted Arrest

☐ Subject Arrested was Armed

C. Summons Date: _____

☐ Federal ☐ Local

D. Recovery / Restitution / PELP X

☐ Federal ☐ Local ☐ International

Recovery Date: _____

Code • _____ ✓ Amount $ _____

Code • _____ ✓ Amount $ _____

Restitution Date: _____

☐ Court Ordered ☐ Pretrial Diversion

Code • _____ ✓ Amount $ _____

PELP Date: _____

Code • _____ ✓ Amount $ _____

E. Hostages(s) Released Date: _____

Released by: ☐ Terrorist ☐ Other

Number of Hostages: _____

F. Conviction

☐ Federal ☐ Local ☐ International

Conviction Date: _____

Subject Description Code _____ • (_____)•

For 6F, G, H-Include Agency Code

☐ Felony or ☐ Misdemeanor

☐ Plea or ☐ Trial

State: _____ Judicial District: _____

G. U.S. Code Violation

Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: _____

Sentence Type: _____ , _____ , _____ •

In Jail: Years _____ Months _____

Suspended: Years _____ Months _____

Probation: Years _____ Months _____

Fines: $ _____

I. Disruption/Dismantlement: ✓

Disruption Date: _____

Dismantlement Date: _____

Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: _____

Also complete "Section G"

Other Civil Matters Date: _____

Judgment _____ _____ _____ _____ •

Judicial Outcome _____ _____ _____ _____ •x

Amount $ _____

Suspension: Years _____ Months _____

K. Administrative Sanction Date: _____

Subject Description Code _____ •

Type: Length:

☐ Suspension ☐ Permanent

☐ Debarment or

☐ Injunction Year _____ Months _____

L. Asset Seizure Date: _____

Asset Forfeiture Date: _____

CATS # Mandatory _____

Circle below one of the three asset forfeiture:

Admin, Civil Judicial, or Criminal

Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion

(Circle one) Date: _____

N. Drug Seizures ✓ **Date:** _____

Drug Code • _____

Weight _____ Code • _____

FDIN _____

Do not indicate $ in Section D

O. Child Victim Information

Child located / identified Date: 06/30/2008

☒ Living ☐ Deceased

[redacted]

b6
b7C

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

	Race•	Sex	Date of Birth	Social Security No. (if available)
[redacted]			[redacted]	

For Indictment/Complaint only:

☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.

☐ Subject related to an OCIDrug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.

• See codes on reverse side.

✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-206

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

[redacted]

Assisting Agents SOC

[redacted]

Subject Name

[redacted]

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)

- Drugs ☐
- A Fugitive ☐
- Bankruptcy Fraud ☐
- Computer Fraud/Abuse ☐
- Corruption of Public Official ☐
- Money Laundering ☐
- Sub Invest Asst by FO(s) ☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.: [redacted]

Stat Agent Name: [redacted]

RA	Squad
PBCRA	PB-2

Assisting Agents Soc. Sec. No. x
1. [redacted]
Name: [redacted]
2. - -
Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
		Fin. Analyst			Lab. Field Sup			UCO - Nat.Back			Vict-Witn Coor
		Aircraft Asst.			Pen Registers			NCAVC/ VI-CAP			IO Wanted Flyer
		Computer			Photo Cover			Crim/NS Intel Asst			SARs
		Consen Mon.			Polygraph			Crisis Neg.- Fed			CART
		ELSUR / FISC			Search Warrant			Crisis Neg.- Local			Asset Forf Prog
		ELSUR / T. III			Show Money			ERT Asst.			Forf Support Proj
		Eng. Field Spt.			SOG Asst.			Butte - ITC			TFOS/CTD
		Eng. Tape Ex.			Swat Team			Sav - ITC			CXS/CTD
		Legats Asst.			Tech. Ag/Equip.			Poc - ITC			InfraGard/CyD
		Evid. Purchase			Phone Toll Rec			Ft. Mon. - ITC			OFC/CID
		Inf/CW Info			UCO - Group I			For. Lang Asst.			PPP
		Lab. Div. Exam			UCO - Group II			Non FBI Lab Ex			

A. Complaint / Information/ Indictment
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

B. Locate / Arrest
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

C. Summons Date: ___
☐ Federal ☐ Local

D. Recovery / Restitution / PELP X
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

E. Hostages(s) Released Date: ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

F. Conviction
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ • (___)•
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

G. U.S. Code Violation
Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: ___
Sentence Type: ___ , ___ , ___ •
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

I. Disruption/Dismantlement: ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___ •
Judicial Outcome ___ ___ ___ ___ •x
Amount $ ___
Suspension: Years ___ Months ___

K. Administrative Sanction Date: ___
Subject Description Code ___ •
Type: Length:
☐ Suspension ☐ Permanent
☐ Debarment or
☐ Injunction Year ___ Months ___

L. Asset Seizure Date: ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion
(Circle one) Date: ___

N. Drug Seizures ✓ Date: ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

O. Child Victim Information
Child located / identified Date: 06/30/2008
☒ Living ☐ Deceased

[redacted]

b6
b7C

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

Name	Race•	Sex	Date of Birth	Social Security No. (if available)
[redacted]				

For Indictment/Conviction only:
☐ Subject related to an LCN/Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory. F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

Serial No. of FD-515

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

31E-MM-108062-207

09/30/2008

********** CHILD LOCATE **********
SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

[redacted]

Assisting Agents SOC

[redacted]

Subject Name

[redacted]

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)	
Drugs	☐
A Fugitive	☐
Bankruptcy Fraud	☐
Computer Fraud/Abuse	☐
Corruption of Public Official	☐
Money Laundering	☐
Sub Invest Asst by FO(s)	☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.: [redacted]

Stat Agent Name: [redacted]

RA	Squad
PBCRA	PB-2

Assisting Agents Soc. Sec. No. x
1. [redacted]
Name [redacted]
2. - -
Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
		Fin. Analyst			Lab. Field Sup			UCO - Nat.Back			Vict-Witn Coor
		Aircraft Asst.			Pen Registers			NCAVC/ Vi-CAP			IO Wanted Flyer
		Computer			Photo Cover			Crim/NS Intel Asst			SARs
		Consen Mon.			Polygraph			Crisis Neg.- Fed			CART
		ELSUR / FISC			Search Warrant			Crisis Neg.- Local			Asset Forf Prog
		ELSUR / T. III			Show Money			ERT Asst.			Forf Support Proj
		Eng. Field Spt.			SOG Asst.			Butte - ITC			TFOS/CTD
		Eng. Tape Ex.			Swat Team			Sav - ITC			CXS/CTD
		Legats Asst.			Tech. Ag/Equip.			Poc - ITC			InfraGard/CyD
		Evid. Purchase			Phone Toll Rec			Fl. Mon. - ITC			OFC/CID
		Inf/CW Info			UCO - Group I			For. Leng Asst.			PPP
		Lab. Div. Exam			UCO - Group II			Non FBI Lab Ex			

A. Complaint / Information/ Indictment
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

B. Locate / Arrest
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

C. Summons Date: ___
☐ Federal ☐ Local

D. Recovery / Restitution / PELP X
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

E. Hostages(s) Released Date: ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

F. Conviction
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ • (___)•
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

G. U.S. Code Violation
Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: ___
Sentence Type: ___, ___, ___•
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

I. Disruption/Dismantlement: ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___•
Judicial Outcome ___ ___ ___ ___•x
Amount $ ___
Suspension: Years ___ Months ___

K. Administrative Sanction Date: ___
Subject Description Code ___•
Type: Length:
☐ Suspension ☐ Permanent
☐ Debarment or
☐ Injunction Year ___ Months ___

L. Asset Seizure Date: ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion
(Circle one) Date: ___

N. Drug Seizures ✓ Date: ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

O. Child Victim Information
Child located / identified Date: 06/30/2008
☒ Living ☐ Deceased

[redacted]

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

b6
b7C

Name	Race•	Sex	Date of Birth	Social Security No. (if available)
[redacted]			[redacted]	

For Indictments/Convictions only:
☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-208

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

[redacted]

Assisting Agents SOC

[redacted]

Subject Name

[redacted]

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/29/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)	
Drugs	☐
A Fugitive	☐
Bankruptcy Fraud	☐
Computer Fraud/Abuse	☐
Corruption of Public Official	☐
Money Laundering	☐
Sub Invest Asst by FO(s)	☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No. [redacted]

Stat Agent Name [redacted]

RA	Squad
PBCRA	PB-2

Assisting Agents Soc. Sec. No. x
1. [redacted]
Name: [redacted]
2. - -
Name:

Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
		Fin. Analyst			Lab. Field Sup			UCO - Nat.Back			Vict-Witn Coor
		Aircraft Asst.			Pen Registers			NCAVC/ Vi-CAP			IO Wanted Flyer
		Computer			Photo Cover			Crim/NS Intel Asst			SARs
		Consen Mon.			Polygraph			Crisis Neg.- Fed			CART
		ELSUR / FISC			Search Warrant			Crisis Neg.- Local			Asset Forf Prog
		ELSUR / T. III			Show Money			ERT Asst.			Forf Support Proj
		Eng. Field Spt.			SOG Asst.			Butte - ITC			TFOS/CTD
		Eng. Tape Ex.			Swat Team			Sav - ITC			CXS/CTD
		Legats Asst.			Tech. Ag/Equip.			Poc - ITC			InfraGard/CyD
		Evid. Purchase			Phone Toll Rec			Fi. Mon. - ITC			OFC/CID
		Inf/CW Info			UCO - Group I			For. Lang Asst.			PPP
		Lab. Div. Exam			UCO - Group II			Non FBI Lab Ex			

A. Complaint / Information/ Indictment
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

B. Locate / Arrest
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

C. Summons Date: ___
☐ Federal ☐ Local

D. Recovery / Restitution / PELP X
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

E. Hostages(s) Released Date: ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

F. Conviction
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ • (___)•
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

G. U.S. Code Violation
Required for sections A, B, F and J (Federal Only)

Title	Section	# Counts

H. Sentence Date: ___
Sentence Type: ___ , ___ , ___ •
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

I. Disruption/Dismantlement: ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___ •
Judicial Outcome ___ ___ ___ ___ •x
Amount $ ___
Suspension: Years ___ Months ___

K. Administrative Sanction Date: ___
Subject Description Code ___ •
Type: Length:
☐ Suspension ☐ Permanent
☐ Debarment or
☐ Injunction Year ___ Months ___

L. Asset Seizure Date: ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

M. Acquittal/ Dismissal/ Pretrial Diversion
(Circle one) Date: ___

N. Drug Seizures ✓ Date: ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

O. Child Victim Information
Child located / identified Date: 06/30/2008
☒ Living ☐ Deceased

[redacted]

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N

b6
b7C

	Race•	Sex	Date of Birth	Social Security No. (if available)
[redacted]				

For Indictments/Convictions only:
☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515b, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-209

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

RA	Squad	Task Force
PBC	PB2	SSPBC

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB FIELD SUP	UCO - NAT BACK	VICT-WITN COOR
AIRCRAFT ASST	PEN REGISTERS	NCAVC/VI-CAP	IO WANTED FLYR
COMPUTER ASST	PHOTO COVERGE	CRIM/NS INTEL	SARS
CONSEN MONITR	POLYGRAPH	CRIS NEG-FED	CART
ELSUR/FISC	SRCH WAR EXEC	CRIS NEG-LOC	ASSET FORF PRO
ELSUR/III	SHOW MONEY	ERT ASST	FORF SUPPORT P
ENG FIELD SUP	SOG ASST	BUTTE-ITC	TFOS/CTD
ENG TAPE EXAM	SWAT TEAM	SAVANNAH-ITC	CXS/CTD
LEGATS ASST.	TECH AG/EQUIP	POC-WRCSC	INFRAGARD/CYD
EVIDNCE PURCH	TEL TOLL RECS	FT. MON-NRCSC	OFC/CID
INFORMANT/CW	UCO-GROUP I	FOR LANG ASST	PPP
LAB DIV EXAMS	UCO-GROUP II	NON FBI LAB EX	

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

329 [redacted] 1C2 [redacted]

(Rev. 05-01-2008)

UNCLASSIFIED

FEDERAL BUREAU OF INVESTIGATION

b6
b7C

Precedence: ROUTINE **Date:** 11/25/2008

To: Miami **Attn:** SA [redacted]
PB2/Palm Beach County RA

International Operations **Attn:** Americas Unit

From: [redacted]
Contact: ALAT [redacted]

Approved By: [redacted]

Drafted By: [redacted]

Case ID #: 31E-MM-108062 ~~(Pending)~~ - 210

Title: JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

Synopsis: Victim [redacted] provided with USAO letter.

Kept as 1 [redacted]

Enclosure: [redacted] report 1-2007- 679603-11 [redacted]

b6
b7C

Administrative: This EC clears lead set to [redacted] in 31E-MM-108062 Serial 174.

Details: On 11/25/08, ALAT [redacted] spoke with [redacted] concerning delivery to her of USAO letter. [redacted] did not want to pick up the letter nor did she feel she needed to meet with anyone for delivery of the letter. She requested the letter be [redacted]

b6
b7C

On 11/25/08 the letter was delivered to the above address.

The enclosed [redacted] report with photo is in reference to lead set for [redacted] in 31E-MM-108062, Serial 170. [redacted] identifies [redacted] as [redacted] dob [redacted]

b6
b7C

UNCLASSIFIED

31E-MM-108062-210

To: Miami From: [redacted]
Re: 31E-MM-108062, 11/25/2008

b6
b7C

[redacted]

[redacted] considers this lead covered.

HOUSE_OVERSIGHT_021641

To: Miami From: [redacted] b6
Re: 31E-MM-108062, 11/25/2008 b7C

Set Lead 1: (Info)

ALL RECEIVING OFFICES

Read and clear.

♦♦

HOUSE_OVERSIGHT_021642

Embassy of the United States of America

Office of the Legal Attaché
US Consulate
[redacted]

File No. 31E-MM-108062\174

03 December 2008

Mr. [redacted]
Acting Coordinator
[redacted]

b6
b7C

Re: Jeffrey Epstein

Dear Mr. [redacted]:

The United States Attorney's Office, West Palm Beach, Florida, requests the assistance of the [redacted] in delivering the enclosed letter to [redacted] DOB [redacted] telephone numbers [redacted] The letter references the outcome of a Non-Prosecution Agreement entered into by the U.S. Government and Mr. Jeffrey Epstein. The letter provides [redacted] with the terms of the Agreement and contact information should she have any questions.

On 24/07/06, the Federal Bureau of Investigation (FBI) Palm Beach Resident Agency (PBRA) opened an investigation involving the illegal sexual activity between multimillionaire Jeffrey Epstein and minor aged children. At the conclusion of the sexual activity, the minors were paid sums of money ranging from $200 - $1,000. Testimony from multiple witnesses indicate that [redacted] was one of Jeffrey Epstein's victims. [redacted] Mr. Epstein is currently incarcerated at the Palm Beach County Stockade serving an 18 month prison sentence, followed by a year of house arrest. Mr. Epstein will also be a life time registered sex offender.

If you have any questions regarding this request, please contact Assistant Legal Attaché [redacted] at telephone [redacted]

Sincerely yours,

Scott D. Cruse
Legal Attaché

By:

[redacted]
Assistant Legal Attaché

Enc. 1

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

Delivered to [redacted] by Atal [redacted]
12/5/08

31E-MM-108062-211

U.S. Department of Justice

Federal Bureau of Investigation

173

File No. 31E-MM-108062 & 188B-MM-105207-D

25 August 2008

Mr. [redacted] b6
Federal Agent b7C
[redacted]

Dear Federal Agent [redacted],

The Miami Division of the Federal Bureau of Investigation (FBI) requests the assistance of [redacted] in delivering a Victim Notification Letter and brochure to [redacted] date of birth [redacted] who has been contacted in the past at [redacted]

On 24 July 2006, the Federal Bureau of Investigation (FBI), Palm Beach Resident Agency(PBCRA)opened an investigation involving the illegal sexual activity between multi-millionnaire Jeffrey Epstein and minor aged children. At the conclusion of the sexual activity, the minors were paid sums of money ranging from $200.00-$1,000.00. Testimony from multiple witnesses indicate hat [redacted] was one of Jeffrey Epstein's victims. Mr. Epstein is believed to have had contact with [redacted] during the years of [redacted] Under United States Code Title 18 Section 3771, a victim of a crime in the United States has a number of rights which are detailed in the enclosed letter and brochures. It is requested that [redacted] locate [redacted] and deliver the enclosed letter and brochure. If you have any questions regarding this request, please contact Assistant Legal Attache [redacted]

Sincerely,

SCOTT L. CRUSE
LEGAL ATTACHE

by:

[redacted]
Assistant Legal Attache

(Rev. 06-04-2007)

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE **Date:** 12/08/2008

To: International Operations **Attn:** Asia Unit
UC [redacted]
SSA
FOS
Miami **Attn:** SA
PB-2, PBCRA

b6
b7C

From: [redacted] Sub-Office
Contact: ALAT [redacted]

Approved By: [redacted]

Drafted By: [redacted]

Case ID #: 31E-MM-108062-212 (~~Pending~~)

Title: JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

Synopsis: Lead set to Legat [redacted] covered by the [redacted] Sub Office.

Reference: 31E-MM-108062 Serial 174

Details: Reference Miami EC directed Legat [redacted] to deliver the enclosed USAO letter to [redacted], DOB [redacted].

On 12/05/2008, Assistant Legal Attaché (ALAT) [redacted] Sub Office delivered the letter to [redacted] and requested them to deliver the USAO letter to [redacted].

Legat [redacted] considers lead 174 covered.

31E-MM-108062-212

LEAD(s):

Set Lead 1: (Info)

ALL RECEIVING OFFICES

Read and clear.

♦♦

HOUSE_OVERSIGHT_021646

FD-350 (Rev. 5-8-81)

(Indicate page, name of newspaper, city and state.)

(Mount Clipping in Space Below)

ate: 12/11/2008
dition: Palm Beach Post

Billionaire sex offender leaves jail six days a week for work

itle: Billionaire sex offender leaves jail six ıys a week for work

Character:
or
Classification: 31E-MM-108062
Submitting Office:

Indexing:

Lawyer: Six women suing him for abuse are shocked, disappointed.

By MICHELE DARGAN
Palm Beach Daily News

Palm Beach billionaire Jeffrey Epstein, who's serving 18 months in jail for soliciting an underage girl for prostitution, is allowed to leave the Palm Beach County Stockade six days a week on a work-release program.

Teri Barbera, spokeswoman for the Palm Beach County Sheriff's Office, confirmed that Epstein, 55, has been in the work-release program since Oct. 10.

"He works six days a week: Friday through Wednesday 10 a.m. to 10 p.m.," Barbera said via e-mail. "(He) works at his local West Palm Beach office, monitored on an active GPS system (he wears an ankle bracelet). Mr. Epstein hires a permit deputy, at his expense, for his own security at his workplace during the time he is out."

Epstein
Palm Beacher serving 18 months in stockade for soliciting underage girl for prostitution.

Miami attorney Jeffrey Herman represents six young women who've sued Epstein, claiming he sexually abused them at his Palm Beach home when they were minors.

Herman said he received a letter about the work-release program from the U.S. Attorney's Office within the past few days. But Herman says Epstein had been out on work-release for several weeks before the notification.

"My clients expressed shock and disappointment," Herman said. "I find it incredible that he's on work-release in the community and my clients aren't notified of this and we get this letter weeks after the fact."

Jack Goldberger, Epstein's criminal attorney, said the arrangement is not unusual.

"He goes to work every single day and goes back to jail at night, just like everybody else (in the program)," Goldberger said.

Epstein pleaded guilty June 30 to two felony counts: soliciting prostitution and procuring a person under 18 for prostitution. As part of the plea agreement, Epstein must serve one year of house arrest and register as a lifelong sex offender.

b6
b7C

31E-MM-108062-213

FD-350 (Rev. 5-8-81)

(Indicate page, name of newspaper, city and state.)

(Mount Clipping in Space Below)

Date: 10/17/2007
Edition: PALM BEACH POST

Woman sues billionaire investor, says they had sex when she was 16

Title: Woman sues billionaire investor says they had sex when she was 16

Character:
or
Classification: 31E-MM-108062
Submitting Office:

Indexing:

The Associated Press

NEW YORK — A billionaire investor, already facing jail in Palm Beach County on charges of soliciting underage prostitutes, is being sued by a young woman who says he had sex with her when she was 16 and had sought his help becoming a model.

The lawsuit, filed late Tuesday in Manhattan's state Supreme Court, says financier Jeffrey Epstein had the teen perform a sex act when she brought photographs of herself for him to review in his Upper East Side mansion sometime in 2000.

Epstein

Epstein, 54, a money manager, told the teen he managed finances for Victoria's Secret and "could get you into the catalog" if she were "nice" to him, court papers say. The papers say being "nice" included massages and other favors.

When the girl told Epstein, "I am 16 years old and just want to model," he replied, "Don't worry, I won't tell anybody," court papers say.

Epstein, said by London's *Mail on Sunday* to be a close friend of England's Prince Andrew, has been indicted in Palm Beach on charges of soliciting underage prostitutes. That case is pending.

The girl visited Epstein "several times over the several months and engaged in bizarre and unnatural sex acts" while she was a minor, the lawsuit says.

Epstein "repeatedly requested that (the girl) return with her 14-, 15-, and 16-year-old girlfriends, stating, 'Come by with your friends your age next time. Don't bring Sherrie (a mutual friend in her 40s). I love girls your age.'"

The young woman, now 23, kept returning to Epstein because she has "mental issues," said her lawyer, William J. Unroch. He refused to elaborate, but court papers say she was "disabled as a result of severe mental disease and defect."

Epstein's lawyer in New York, Gerald Lefcourt, said, "The girl has admitted she is insane, but she can read a newspaper and recognize the word 'rich.'"

Lefcourt also said the statute of limitations has expired for the woman's case criminally and civilly, and will almost certainly be dismissed.

He refused to comment on Epstein's Florida charges.

Meanwhile, Unroch, 57, also acknowledged that his client was living with him and was at the center of a $10 million lawsuit he filed last year against a neighbor who said he was having sex with underage girls. That case is pending.

"What she was doing at 22 is irrelevant to what happened to her when she was 16," Unroch said Wednesday. He went on the say he hoped Epstein would agree to "do right" by his client and resolve the case out of court.

31E-MM-108062

b6
b7C

31E-MM-108062-214

ECONOMIC AND SPECIAL OPERATIONS
Telephone
Email

b6
b7C

25 November 2008

Assistant Legal Attaché
Office of the Legal Attaché
U.S Consulate

FILE NO. 31E-MM-108062\174
LETTER TO

Dear Mr

With reference to your referral to seeking assistance with the delivery of a letter to , I wish to advise you of the completion of this matter.

On 15 January 2009, Federal Agents attended a residence in and spoke with She was served with the letter from the US Attorney's Office.

Please find attached an acknowledgement of service document signed by for your records.

If you have any inquiries, please contact me on the number listed above.

Kind regards,

Team Leader

31E-MM-108062-215

REF NO. 4299965

ACKNOWLEDGEMENT OF SERVICE

b6
b7C

I, _____,

Of _____
{ADDRESS}

Hereby acknowledge that I was served today with documents by _____

_____ on behalf of the U.S Department of Justice.

Signature of person served: _____

Dated: 15 / 01 / 2009

Signature of _____ officer serving document/s: _____

Name of _____ officer serving document/s _____

Dated: 15 / 01 / 2009

(Rev. 06-04-2007)

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE **Date:** 02/17/2009

To: International Operations **Attn:** Asia Unit
A/UC [redacted]
FOS

Miami **Attn:** SA [redacted]
PB-2, PBCRA

From: [redacted] Sub-Office
Contact: ALAT [redacted]

b6
b7C

Approved By: [redacted]

Drafted By: [redacted]

Case ID #: 31E-MM-108062 ~~(Pending)~~ -216

Title: JEFFREY EPSTEIN;
[redacted];
WSTA - CHILD PROSTITUTION

Synopsis: Lead set to Legat [redacted] covered by the [redacted] Sub Office.

Reference: 31E-MM-108062 Serial 174

Enclosure(s): Enclosed for Miami is an original communication from [redacted] and the original Acknowledgment of Service form signed by [redacted]

b6
b7C

Details: Reference Miami EC directed Legat [redacted] to deliver the enclosed USAO letter to [redacted] DOB [redacted].

On 01/15/2009, Federal Agents from [redacted] [redacted] appeared at a residence in [redacted] and spoke with [redacted]. She was served with the letter from the U.S. Attorney's Office.

[redacted] considers lead 174 covered.

31E-MM-108062-216

LEAD(s):

Set Lead 1: (Info)

ALL RECEIVING OFFICES

Read and clear.

♦♦

HOUSE_OVERSIGHT_021652

FD-350 (Rev. 5-8-81)

Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)
Palm Beach Post.com
Palm Beach, FL
Date: 4/10/2009
Edition:

Title: Suit accuses jailed tycoon of sex crime

Character or
Classification: 31D-MM-108062
Submitting Office: MM

Indexing:

Suit accuses jailed tycoon of sex crime

Jeffrey Epstein is in the county stockade.

By SUSAN SPENCER-WENDEL
Palm Beach Post Staff Writer

WEST PALM BEACH — The line of civil lawsuits against billionaire financier Jeffrey Epstein has grown again, with the filing of at least the 12th claim by a young woman who also says she was lured to his Palm Beach mansion as a teen and sexually abused.

Prominent Miami attorney Robert Josefsberg filed the most recent federal lawsuit last week, on behalf of the Jane Doe 101 who allegedly visited Epstein a few times while 17 years old and was paid $200 at least once for her time there, according to the complaint.

The lawsuit mirrors facts alleged in other suits: that Epstein had a predilection for teenage girls, identified poor, vulnerable ones and lured them to his home via other young women. The teens describe ascending a staircase lined with nude photographs of young girls and to the spa room where Epstein would appear in a small towel.

Miami attorney Adam Horowitz, who represents six other Jane Does, said Monday that the cases are still in the "discovery" process, with plaintiffs requesting from Epstein phone records, pictures, videos. Horowitz said Epstein is refusing to turn over the materials, citing a Fifth Amendment right not to do so. "Stonewalling and delaying," Horowitz said. "I'm not surprised."

Horowitz said he has asked U.S. District Judge Kenneth Marra to order Epstein to turn over the information.

A local attorney for Epstein, Jack Goldberger, did not respond to a request seeking comment.

Epstein was jailed in July 2008 following a plea deal where he was sentenced to 18 months in jail for solicitation of prostitution and procuring a person under the age of 18 for prostitution and must register as a sex offender. He is serving his sentence at the Palm Beach County Stockade, according to jail records, and is due out in September.

@ susan_spencer_wendel@pbpost.com

Jailed Palm Beacher

See past coverage
PalmBeachPost.com/epstein

b6
b7C

31D- MM- 108062- 217

FD-350 (Rev. 5-8-81)

Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)
1A, 4A Palm Beach Post
Palm Beach, FL
Date: 6/10/2009
Edition:

Title: Women want sex plea deal unsealed

Character or
Classification: 31E-MM-108062
Submitting Office: MM

Indexing:

Women want sex plea deal unsealed

Their attorneys will ask a judge to open Jeffrey Epstein's records.

By SUSAN SPENCER-WENDEL
Palm Beach Post Staff Writer

WEST PALM BEACH — When wealthy money manager Jeffrey Epstein of Palm Beach pleaded guilty last year to procuring teens for prostitution, his case detoured around local and state rules regarding the sealing of court documents.

Epstein

At a plea conference on the state charges, a judge, a defense lawyer and a prosecutor huddled at the bench and decided that a deal Epstein had struck with federal prosecutors to avoid charges should be sealed, according to a transcript of the hearing.

And so it was.

But Florida rules of judicial administration, as well as rules of the Palm Beach County court system, require public notification that a court document has been or will be sealed, meaning kept from public view. The rules also require a judge to find a significant reason to seal,

See EPSTEIN, 4A ▶

See past coverage of Jeffrey Epstein's sex scandals. **PalmBeachPost.com/epstein**

b6
b7C

31E-MM-108062-218

Public has right to know details of deal, Post attorney will claim

▶ EPSTEIN *from 1A*

such as protecting a trade secret or a compelling government interest.

Yet no notification or reason occurred in Epstein's case, according to court records.

Epstein's own attorneys, in federal filings, have referred to his confidential deferred prosecution agreement with the U.S. attorney's office, struck in September 2007, as "unprecedented" and "highly unusual." And it was "a significant inducement" for Epstein to accept the state's deal, observed the state judge who accepted his plea, County Judge Deborah Dale Pucillo.

Epstein now faces at least a dozen civil lawsuits in federal and state courts filed by young women who said they had sex with him and now are seeking damages.

Attorneys for some of those women want his agreement with federal prosecutors unsealed and will ask Circuit Judge Jeffrey Colbath to do so today.

"It is against public policy for these documents to be have been sealed and hidden from public scrutiny. As a member of the public, E.W. has a right to have these documents unsealed," wrote former Circuit Judge Bill Berger, now in private practice and representing one of the women.

The Palm Beach Post also will ask Colbath to unseal the agreement. *Post* attorney Deanna Shullman will argue that the public has a right to know the specifics of Epstein's deal.

According to various media accounts, Epstein moved in circles that included President Clinton, Donald Trump and Prince Andrew. "International Moneyman of Mystery," declared a 2002 *New York* magazine profile of Epstein.

Epstein, 56, is in the Palm Beach County Stockade, serving an 18-month sentence after pleading guilty nearly a year ago to felony solicitation of prostitution and procuring teenagers for prostitution.

He is allowed out from 7 a.m. to 11 p.m., escorted by a deputy, said Palm Beach County Sheriff's Office spokeswoman Teri Barbera.

During a Palm Beach Police Department investigation, five victims and 17 witnesses gave statements. They told of young women brought by his assistants to Epstein's mansion on El Brillo Way for massages and sexual activity, and then being paid afterward.

At Epstein's plea conference last year, his attorney, Jack Goldberger, and then-Assistant State Attorney Lanna Belohlavek approached Pucillo in a sidebar conference. Pucillo, who had left the bench nine years earlier, was filling in temporarily as a senior judge.

According to a transcript, Goldberger told Pucillo that Epstein had entered a confidential agreement with the U.S. attorney's office in which federal prosecutors brokered not pursuing charges against him if he pleaded guilty in state court. Pucillo then said she wanted a sealed copy of the agreement filed in his case, and Goldberger concurred that he wanted it sealed. Belohlavek later signed off on it.

The Florida Supreme Court has expressed "serious concern" and launched an all-out inquiry into sealing procedures across the state following media reports in 2006 of entire cases being sealed and disappearing from court records.

"The public's constitutional right of access to court records must remain inviolate, and this court is fully committed to safeguarding this right," justices wrote in their final report.

Epstein's office on Tuesday referred any questions to Goldberger, who declined to comment. Pucillo also has declined to comment.

@susan_spencer_wendel@pbpost.com

FACSIMILE TRANSMISSION

[redacted]

b6
b7C

TELECOMMUNICATIONS SPECIALIST

TELEPHONE: [redacted] FAX: (561) 688-3355

DATE: 6/17/2009 TIME: 1:00 AM

TO: DET. [redacted] FAX NUMBER: (561) 650-6951

TOTAL NUMBER OF PAGES, INCLUDING COVER SHEET: 7

REMARKS:

The following table itemizes the results.

ITEM	AREA CODE	PHONE NUMBER	CALL TRIES QUAN	ACCEPTED CALL QUAN	RESTRICTED QUAN
1	[redacted]		0	-	-
2			0	-	-
3			0	-	-
4			100	78	-

NOTE: 1. This data is for the time period starting 06/30/08 and ending 10/10/08.

The attached data sheets show all of the above.

If you have any further questions, please call me.

THIS FACSIMILE CONTAINS PRIVILEGED AND CONFIDENTIAL INFORMATION INTENDED FOR THE USE OF THE ADDRESSEE(S) NAMED ABOVE. IF YOU ARE NOT THE INTENDED RECIPIENT OF THIS FACSIMILE, OR THE EMPLOYEE OR AGENT RESPONSIBLE FOR DELIVERING IT TO THE INTENDED RECIPIENT, YOU ARE HEREBY NOTIFIED THAT ANY COPYING OR DISSEMINATION OF THIS FACSIMILE IS STRICTLY PROHIBITED. IF YOU HAVE RECEIVED THIS FACSIMILE IN ERROR, PLEASE IMMEDIATELY NOTIFY ME BY TELEPHONE TO ARRANGE FOR THE RETURN OF THE ORIGINAL FACSIMILE.

6/17/2009 12:52:54 PM C:\Documents and Settings\yorganjan\Desktop\Word Files\Fax Cover-Jason Richards-1A.doc

31E-MM-108062

31E-MM-108062-219

Default Contract Code

CALL DETAIL RECORDS - I

All Facilities

06/30/08 TO 10/10/08: INMATE PHONE CALLS TO [redacted]

b6
b7C

Date	Pickup	Connect	Accept	Stop	Originating Phone #	Number Dialed CC	Number	Facility	Location	Minutes	Type Code	Term Code	Dest Code	Recorder Channel	Acct. No.

THERE ARE NO RECORDS FOR THE CHOSEN SET OF CRITERIA.

END OF DETAIL

Default Contract Code

b6
b7C

CALL DETAIL RECORDS - I

All Facilities

06/30/08 TO 10/10/08: INMATE PHONE CALLS TO [redacted]

Date	Pickup	Connect	Accept	Stop	Originating Phone #	Number Dialed CC	Number	Facility	Location	Minutes	Type Code	Term Code	Dest Code	Recorder Channel	Acct. No.

THERE ARE NO RECORDS FOR THE CHOSEN SET OF CRITERIA.

END OF DETAIL

Default Contract Code

CALL DETAIL RECORDS - I

b6
b7C

All Facilities

06/30/08 TO 10/10/08: INMATE PHONE CALLS TO [redacted]

Date	Pickup	Connect	Accept	Stop	Originating Phone #	Number Dialed CC	Number	Facility	Location	Minutes	Type Code	Term Code	Dest Code	Recorder Channel	Acct. No.

THERE ARE NO RECORDS FOR THE CHOSEN SET OF CRITERIA.

END OF DETAIL

b6
b7C

Default Contract Code

CALL DETAIL RECORDS - I

All Facilities

06/30/08 TO 10/10/08: INMATE PHONE CALLS TO [redacted]

Date	Pickup	Connect	Accept	Stop	Originating Phone #	Number Dialed CC	Number	Facility	Location	Minutes	Type Code	Term Code	Dest Code	Recorder Channel	Acct. No.
2008/06/30	10:25:16	10:25:39		10:27:51		1		pam0t	INTAKE 3	0	2	90	6		
2008/06/30	10:33:38	10:34:05		10:35:33		1		pam0t	INTAKE 3	0	2	128	6		
2008/06/30	11:03:16	11:03:43	11:05:09	11:05:35		1		pam0t	INTAKE 3	1	2	128	6		
2008/06/30	12:44:02	12:44:28	12:45:54	12:49:41		1		pbs0t	T20A-2	4	2	128	6		
2008/06/30	13:19:53	13:20:19	13:21:47	13:26:27		1		pbs0t	T20A-2	5	2	128	6		
2008/07/01	10:01:39	10:02:22	10:03:50	10:08:48		1		pbs0t	T20A-2	5	2	128	6		
2008/07/01	17:30:18	17:30:41	17:32:01	17:34:43		1		pbs0t	T20A-2	3	2	128	6		
2008/07/02	18:33:08	18:33:32	18:55:00	19:09:49		1		pbs0t	T20A-2	15	2	128	6		
2008/07/02	19:35:25	19:35:48	19:37:12	19:41:44		1		pbs0t	T20A-2	5	2	128	6		
2008/07/04	16:38:50	16:39:13	16:40:43	16:48:00		1		pbs0t	T20A-2	8	2	128	6		
2008/07/04	18:52:02	18:52:25	18:53:49	18:56:30		1		pbs0t	T20A-2	3	2	128	6		
2008/07/05	18:19:01	18:19:22	18:20:48	18:28:08		1		pbs0t	T20A-2	8	2	128	6		
2008/07/06	11:55:22	11:55:43	11:57:07	12:08:33		1		pbs0t	T20A-2	12	2	128	6		
2008/07/07	11:42:36	11:42:58	11:44:24	11:51:46		1		pbs0t	T20A-2	8	2	128	6		
2008/07/07	12:17:05	12:17:32		12:19:57		1		pbs0t	T20A-2	0	2	90	6		
2008/07/07	18:20:15	18:20:38	18:22:00	18:31:13		1		pbs0t	T20A-2	10	2	128	6		
2008/07/08	12:09:36	12:09:59	12:11:19	12:15:22		1		pbs0t	T20A-2	5	2	128	6		
2008/07/08	18:54:10	18:54:32		18:56:50		1		pbs0t	T20A-2	0	2	90	6		
2008/07/08	18:56:53	18:57:14		18:58:36		1		pbs0t	T20A-2	0	2	128	6		
2008/07/08	19:04:17	19:04:41		19:05:46		1		pbs0t	T20A-1	0	2	128	6		
2008/07/09	14:27:28	14:27:57	14:29:21	14:30:22		1		pbs0t	T20A-2	2	2	128	6		
2008/07/15	08:18:05	08:18:25	08:19:45	08:26:56		1		pbs0t	T20A-2	8	2	128	6		
2008/07/16	07:01:06	07:01:27	07:02:47	07:12:25		1		pbs0t	T20A-2	10	2	130	6		
2008/07/18	06:37:59	06:38:21	06:39:40	06:44:36		1		pbs0t	T20A-2	5	2	128	6		
2008/07/20	12:07:45	12:08:06		12:10:14		1		pbs0t	T20A-2	0	2	90	6		
2008/07/20	17:49:39	17:50:00	17:51:22	18:01:27		1		pbs0t	T20A-2	11	2	128	6		
2008/07/22	12:18:21	12:18:43	12:20:11	12:24:16		1		pbs0t	T20A-2	5	2	128	6		
2008/07/25	11:11:22	11:11:44		11:14:07		1		pbs0t	T20A-2	0	2	90	6		
2008/07/28	10:57:21	10:57:43	10:59:10	11:00:29		1		pbs0t	T20A-2	2	2	128	6		
2008/07/29	19:13:30	19:13:53	19:15:21	19:29:26		1		pbs0t	T20A-2	15	2	128	6		
2008/07/29	19:29:31	19:29:54	19:31:11	19:46:01		1		pbs0t	T20A-2	15	2	128	6		
2008/07/30	16:43:31	16:43:54	16:45:23	16:46:34		1		pbs0t	T20A-2	2	2	128	6		
2008/08/03	13:23:47	13:24:11	13:25:33	13:26:49		1		pbs0t	T20A-2	2	2	128	6		
2008/08/05	08:22:23	08:22:43		08:25:08		1		pbs0t	T20A-2	0	2	90	6		
2008/08/05	17:19:39	17:20:21	17:21:56	17:22:56		1		pbs0t	T20A-2	1	2	128	6		
2008/08/05	17:22:58	17:23:19		17:23:37		1		pbs0t	T20A-2	0	2	70	6		
2008/08/05	17:23:41	17:24:05	17:25:28	17:31:59		1		pbs0t	T20A-2	7	2	128	6		

Default Contract Code

CALL DETAIL RECORDS - I

All Facilities

06/30/08 TO 10/10/08: INMATE PHONE CALLS TO [redacted]

Date	Pickup	Connect	Accept	Stop	Originating Phone #	Number Dialed CC	Number Dialed Number	Facility	Location	Minutes	Type Code	Term Code	Dest Code	Recorder Channel	Acct. No.
2008/08/06	14:41:08	14:41:29	14:42:51	14:51:30		1		pbs0t	T20A-2	9	2	128	6		
2008/08/07	18:34:57	18:35:18	18:36:38	18:39:01		1		pbs0t	T20A-2	3	2	128	6		
[redacted]/08/07	21:23:06	21:23:29	21:24:56	21:26:28		1		pbs0t	T20A-2	2	2	128	6		
[redacted]/08/08	18:34:07	18:34:27	18:35:47	18:37:34		1		pbs0t	T20A-2	2	2	128	6		
2008/08/08	20:24:42	20:25:04	20:26:22	20:36:13		1		pbs0t	T20A-2	10	2	128	6		
2008/08/09	11:54:34	11:54:55	11:56:18	11:58:11		1		pbs0t	T20A-2	2	2	128	6		
2008/08/10	11:58:41	11:59:03	12:00:29	12:01:46		1		pbs0t	T20A-2	2	2	128	6		
2008/08/10	13:08:00	13:08:21	13:09:41	13:24:18		1		pbs0t	T20A-2	15	2	128	6		
2008/08/10	17:55:49	17:56:09	17:57:27	18:05:49		1		pbs0t	T20A-2	9	2	128	6		
2008/08/13	12:11:03	12:11:25	12:12:52	12:20:25		1		pbs0t	T20A-2	8	2	128	6		
2008/08/17	07:50:37	07:50:57	07:52:30	07:56:53		1		pbs0t	T20A-2	5	2	128	6		
2008/08/18	12:13:56	12:14:16	12:15:33	12:22:22		1		pbs0t	T20A-2	7	2	128	6		
2008/08/19	12:09:17	12:09:38	12:10:59	12:22:05		1		pbs0t	T20A-2	12	2	128	6		
2008/08/21	19:33:42	19:34:02	19:35:29	19:37:14		1		pbs0t	T20A-2	2	2	128	6		
2008/08/25	12:10:29	12:10:53	12:12:27	12:14:58		1		pbs0t	T20A-2	3	2	128	6		
2008/09/02	15:29:24	15:29:45	15:31:04	15:39:11		1		pbs0t	U63A	9	2	128	6		
2008/09/03	16:08:27	16:08:48	16:10:03	16:12:09		1		pbs0t	U63A	3	2	128	6		
2008/09/09	16:51:05	16:51:26	16:52:49	16:55:49		1		pbs0t	U63A	3	2	128	6		
2008/09/10	21:06:16	21:06:38	21:07:49	21:08:39		1		pbs0t	U63A	1	2	128	6		
2008/09/15	12:13:33			12:13:46		1		pbs0t	U63A	0	2	86	6		
2008/09/15	12:13:47			12:13:56		1		pbs0t	U63A	0	2	86	6		
[redacted]/09/15	15:46:23	15:46:47	15:48:05	15:55:56		1		pbs0t	U63A	8	2	128	6		
[redacted]/09/16	13:18:49	13:19:12	13:20:35	13:30:46		1		pbs0t	U63A	11	2	128	6		
2008/09/17	07:30:39	07:31:21	07:32:48	07:38:57		1		pbs0t	U63A	7	2	128	6		
2008/09/17	07:47:23	07:47:51	07:49:16	07:50:13		1		pbs0t	U63A	1	2	128	6		
2008/09/17	16:47:46			16:47:55		1		pbs0t	T20A-2	0	2	128	6		
2008/09/18	17:52:03	17:52:25	17:53:49	17:57:14		1		pbs0t	T20A-2	4	2	128	6		
2008/09/19	12:11:23	12:11:49	12:13:16	12:22:02		1		pbs0t	U63A	9	2	128	6		
2008/09/19	12:39:26	12:39:49	12:41:15	12:44:22		1		pbs0t	U63A	4	2	128	6		
2008/09/19	12:52:04	12:52:27		12:53:10		1		pbs0t	U63A	0	2	129	6		
2008/09/19	17:56:50	17:57:11	17:58:32	18:11:26		1		pbs0t	U63A	13	2	128	6		
2008/09/20	10:06:03	10:06:26	10:07:42	10:09:51		1		pbs0t	U63A	3	2	128	6		
2008/09/20	10:31:22	10:31:43		10:32:26		1		pbs0t	U63A	0	2	128	6		
2008/09/22	08:36:50	08:37:12		08:39:29		1		pbs0t	U63A	0	2	90	6		
2008/09/22	11:55:19	11:55:40	11:56:56	11:58:10		1		pbs0t	U63A	2	2	128	6		
2008/09/22	20:34:38	20:34:59		20:35:27		1		pbs0t	U63A	0	2	129	6		
2008/09/22	20:35:32	20:35:54	20:37:10	20:40:32		1		pbs0t	U63A	4	2	128	6		

06/17/2009 13 b6 b7C 5616883355 P.B.S.O. TELECOMM. PAGE 06/07

Default Contract Code

CALL DETAIL RECORDS - I

All Facilities

06/30/08 TO 10/10/08: INMATE PHONE CALLS TO [redacted]

Date	Pickup	Connect	Accept	Stop	Originating Phone #	Number Dialed CC	Number Dialed Number	Facility	Location	Minutes	Type Code	Term Code	Dest Code	Recorder Channel	Acct. No.
2008/09/23	12:12:13	12:12:34	12:13:48	12:15:24	[redacted]	1	[redacted]	pbs0t	U63A	2	2	128	6		
2008/09/23	17:12:28	17:12:52	17:14:13	17:15:53	[redacted]	1	[redacted]	pbs0t	U63A	2	2	128	6		
2008/09/24	19:55:53	19:56:15	19:57:31	19:59:01	[redacted]	1	[redacted]	pbs0t	U63A	2	2	128	6		
[redacted]/09/26	18:01:11	18:01:32	18:02:48	18:09:09	[redacted]	1	[redacted]	pbs0t	U63A	7	2	128	6		
2008/09/27	08:57:11	08:57:32		08:59:25	[redacted]	1	[redacted]	pbs0t	U63A	0	2	128	6		
2008/09/29	08:07:24	08:07:50	08:09:05	08:12:52	[redacted]	1	[redacted]	pbs0t	U63A	4	2	128	6		
2008/09/30	16:31:13	16:31:39	16:32:54	16:40:28	[redacted]	1	[redacted]	pbs0t	U63A	8	2	128	6		
2008/09/30	17:02:03	17:02:25	17:03:39	17:07:12	[redacted]	1	[redacted]	pbs0t	U63A	4	2	128	6		
2008/09/30	17:15:56	17:16:22	17:17:51	17:23:29	[redacted]	1	[redacted]	pbs0t	U63A	6	2	128	6		
2008/10/01	18:04:42	18:05:03	18:06:19	18:07:03	[redacted]	1	[redacted]	pbs0t	U63A	1	2	128	6		
2008/10/04	09:11:55	09:12:16		09:14:15	[redacted]	1	[redacted]	pbs0t	U63A	0	2	90	6		
2008/10/04	12:56:40	12:57:02	12:58:19	13:07:36	[redacted]	1	[redacted]	pbs0t	U63A	10	2	128	6		
2008/10/04	13:16:06	13:16:29	13:17:49	13:28:42	[redacted]	1	[redacted]	pbs0t	U63A	11	2	128	6		
2008/10/04	13:29:38	13:30:01	13:31:17	13:35:08	[redacted]	1	[redacted]	pbs0t	U63A	4	2	128	6		
2008/10/04	16:10:27	16:10:51	16:12:17	16:13:01	[redacted]	1	[redacted]	pbs0t	T20A-2	1	2	128	6		
2008/10/04	18:22:37	18:22:58	18:24:24	18:24:55	[redacted]	1	[redacted]	pbs0t	U63A	1	2	128	6		
2008/10/05	12:30:28	12:30:49	12:32:07	12:35:26	[redacted]	1	[redacted]	pbs0t	U63A	4	2	128	6		
2008/10/05	13:14:05	13:14:26	13:15:49	13:16:14	[redacted]	1	[redacted]	pbs0t	U63A	1	2	128	6		
2008/10/05	16:24:42	16:25:02	16:26:18	16:34:05	[redacted]	1	[redacted]	pbs0t	U63A	8	2	128	6		
2008/10/07	17:42:15	17:42:38		17:44:36	[redacted]	1	[redacted]	pbs0t	T20A-2	0	2	90	6		
2008/10/08	16:15:10	16:15:32		16:16:21	[redacted]	1	[redacted]	pbs0t	T20A-2	0	2	128	6		
2008/10/08	16:18:23	16:18:44	16:20:01	16:21:23	[redacted]	1	[redacted]	pbs0t	U63A	2	2	128	6		
[redacted]/10/08	17:51:13	17:51:40	17:52:56	17:53:55	[redacted]	1	[redacted]	pbs0t	T20A-2	1	2	130	6		
2008/10/08	17:54:00	17:54:21		17:56:02	[redacted]	1	[redacted]	pbs0t	T20A-2	0	2	90	6		
2008/10/08	17:57:15	17:57:37	17:58:52	18:02:48	[redacted]	1	[redacted]	pbs0t	T20A-2	4	2	128	6		
2008/10/08	19:49:49	19:50:10	19:51:27	19:56:21	[redacted]	1	[redacted]	pbs0t	U63A	5	2	128	6		

END OF DETAIL

HOUSE_OVERSIGHT_021662

(Rev. 05-01-2008)

UNCLASSIFIED

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE **Date:** 01/08/2010

To: Miami **Attn:** SSA [redacted] b6 b7C

From: Miami
PB-1, Palm Beach County RA
Contact: SA [redacted]

Approved By: [redacted]

Drafted By:

Case ID #: 31E-MM-108062

Title: JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

Synopsis: To request transfer of above captioned case due to agent's transfer to another squad.

Details: Due to SA [redacted] transfer to Squad PB-1, please reassign the above captioned case.

REASSIGN TO [redacted]
1/11/2010
[redacted]
31E-MM-108062-2d1
008 [redacted] 01.ee

UNCLASSIFIED

FD-350 (Rev. 5-8-81)

(Indicate page, name of newspaper, city and state.)

(Mount Clipping in Space Below)

Date: 1/27/10
Edition: Palm Beach Post
Title: Judge rules Epstein Attorneys can subpoena Abortion Records
Character: or
Classification: 31E-MM-108062
Submitting Office:

Indexing:

Judge rules Epstein attorneys can subpoena abortion records

By JANE MUSGRAVE
Palm Beach Post Staff Writer

WEST PALM BEACH — In a decision that could spark a constitutional showdown over privacy rights, a judge Tuesday gave lawyers representing multimillionaire sex offender Jeffrey Epstein the right to subpoena abortion records from women who are seeking millions in damages from the part-time Palm Beach resident.

Palm Beach County Circuit Judge Donald Hafele said the records could help Epstein rebut the women's claims that they suffered psychological ills after being paid to give him sexually-charged massages at his Palm Beach mansion when they were as young as 14.

Hafele told Epstein's attorneys they couldn't go on a fishing expedition. The medical records, he said, can't be sought until the women are asked whether they have ever had an abortion, how many and where. Further, he said, the records would not be made public and might not be admissible during trial.

Epstein
The judge says the records would not be made public.

But, he said, since the women claim Epstein, now 57, is responsible for their emotional distress, his attorneys can explore the impact of other events. Medical records, Hafele said, are a better source of information than a person's memory.

Attorney Louis Silver, who represents the Presidential Women's Health Center, a West Palm Beach clinic where abortions are performed, warned Hafele that he was stepping on shaky constitutional grounds.

"These records are protected by our constitutional right of privacy," he said, referring to the Florida Constitution.

After the hearing, Silver said an appeal won't be necessary until Epstein attorneys seek the records.

In another ruling Wednesday, Hafele also said that videos from depositions in the state cases can't be released without a court order. The ruling came after Epstein attorney Robert Critton complained that a video of Epstein being asked whether he had an "egg-shaped" penis became a youtube.com sensation. It first appeared on *The Palm Beach Post* Web site.

Critton blamed attorney Spencer Kuvin for releasing it. Kuvin said it was public record.

The civil suits began mounting after Epstein agreed to plead guilty to two state charges: procuring a minor for prostitution and soliciting prostitution. He served 13 months of an 18-month sentence. As part of the deal brokered with federal prosecutors, he agreed not to contest the accusations in the civil lawsuits. He can argue the women don't deserve the millions they are seeking.

@jane_musgrave@pbpost.com

31E-MM-108062-FBI/DOJ 223

FD-350 (Rev. 5-8-81)

(Indicate page, name of newspaper, city and state.)

Date: 1/26/2010
Edition: MORNING
Title: PALM BCH POST
Ex-Epstein Faces obstruction charges
Character:
or
Classification:
Submitting Office: 31E-MM-108067

Ex-Epstein worker faces obstruction charges

Epstein Papers listed Palm Beach sex offender's victims

The FBI says he tried to sell information to an agent.

By SUSAN SPENCER-WENDEL
Palm Beach Post Staff Writer

WEST PALM BEACH — A former employee of sex-scandal-plagued Jeffrey Epstein has been charged with obstruction of justice after the employee allegedly withheld critical information from federal agents — an expansive list of Epstein victims and witnesses — as investigators probed the Palm Beach financier for sexual exploitation of minors.

According to an FBI agent's affidavit, Alfredo Rodriguez offered to later sell the information for $50,000 — Rodriguez calling it the "Holy Grail" or "Golden Nugget" — to a government witness, who is not named in the affidavit.

The affidavit does not refer to Epstein by name, either.

In early November, an undercover FBI agent was sent in to make the buy from Rodriguez. Rodriguez, born in 1953, had told police that he worked for Epstein as a butler, chauffeur, chef and housemaid, sometimes picking up and cleaning sex toys left behind after Epstein finished his encounters with the underage girls.

According to the affidavit, Rodriguez met the undercover agent and produced a small bound book and several sheets of legal paper, which he told the agent he had taken from Epstein's home while employed there in 2004 and 2005. Rodriguez then began counting his $50,000 payoff.

He was stopped, detained on the spot and questioned by agents, according to the

See EPSTEIN, 5B ▶

Information could have altered case

▶ EPSTEIN *from 1B*

affidavit.

Rodriguez told agents of witnessing nude girls whom he believed to be underage at Epstein's pool area, of knowing that his former employer was having sex with underage girls, and of viewing underage pornography on computers in Epstein's home.

Special Agent Christina Pryor wrote that later review of the papers and book Rodriguez handed over revealed information "that would have been extremely useful in investigating and prosecuting the case, including names and contact information of material witnesses and additional victims."

"Had those items been produced in response to inquiries of state law enforcement officers or the Special Agents, their contents would have been presented to the federal grand jury," Pryor wrote.

The information allegedly withheld by Rodriguez may have been a tipping point in the controversial probe of Epstein. Federal prosecutors ended up striking an extraordinary deal with Epstein and his top-flight lawyers: agreeing to recall grand jury subpoenas if Epstein pleaded guilty to prostitution-related felonies in state court, which he ultimately did.

Epstein received an 18-month jail sentence. He served 13 months and was allowed to leave the jail most waking hours of the day.

An attorney for Rodriguez, Assistant Federal Public Defender Dave Brannon, declined to comment on his behalf.

An unnamed government witness mentioned in the affidavit is likely one of the attorneys representing women in a gaggle of current civil lawsuits against Epstein.

The affidavit outlines how the unnamed witness had deposed Rodriguez, who denied having documents, then received a call from Rodriguez later offering to sell for $50,000 the "Holy Grail."

"Rodriguez explained that the information contained hundreds of additional victims and their phone numbers from diverse geographic locations including New York, New Mexico and Paris," according to the affidavit.

Rodriguez is scheduled to be arraigned in federal court Monday.

Also in the affidavit are the reasons Rodriguez cited to the unnamed witness for why he withheld the lists from investigators: He considered it his property and should be compensated for it, and he feared the target of the federal investigation, Epstein, would make him disappear or otherwise harm him.

○ susan_spencer_wendel@pbpost.com

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PRINT

BLOGS & STORIES

The Billionaire Pedophile's Sex Den

by *Conchita Sarnoff*

July 22, 2010 | 11:46pm

The Daily Beast reveals new details about the twisted sex life of Jeffrey Epstein and his penchant for underage girls. Conchita Sarnoff on his massages, sex toys, and questionable deals. Also:

Newscom

- **Nude images of young girls were scattered around the house and the bathroom soap was shaped like sex organs**
- **Staff trolled for fresh recruits to make sure Epstein had two or three massage appointments each day**
- **The house manager has been sentenced to a longer prison term than Epstein—for trying to sell notes regarding massage appointments**
- **Epstein gave $1 million to his friend Jean Luc Brunel when he was starting the modeling agency MC2**
- **According to a former bookkeeper, young girls were brought to the U.S. by MC2—often from Eastern Europe—then traveled on Epstein's private jets**

Jeffrey Epstein's loyal friends say that his prosecution was unduly harsh, rather than outrageously lenient. They insist that his sexual habits, although obsessive and unusual, were mostly legal and essentially harmless. As the police records attest, the girls brought to El Brillo Way were routinely told they could "say no" at any time during a massage as Epstein escalated contact in a step-by-step assault that was remarkably similar in every victim's statement: First she would be asked to remove her shirt, then her pants. He would attempt to fondle her buttocks and breasts as he masturbated, then bring out a large vibrator. There was sometimes digital penetration, and the more willing girls were lured into full-blown sexual relations with both Epstein and Nadia Marcinkova, who was referred to in press accounts and police reports as Epstein's live-in "sex slave."

A former bookkeeper in the Miami office, who also arranged visas for girls traveling to the U.S., confirmed that MC2 girls became frequent guests on Epstein's private jets.

It's true that some underage girls may have lied about their age, and some came to the house voluntarily several times—although, according to Florida statutes, none of that has any bearing on the criminality of the contact, particularly if the girl was 16 or younger. But what is particularly disturbing about this case—judging by arrangements at the Palm Beach house—is that Epstein, a billionaire hedge-fund manager, organized his life around this sexual compulsion in an open and methodical way that suggests he felt he was beyond the law.

• Conchita Sarnoff: Billionaire Pedophile Goes Free

According to police who executed a search warrant, the house was decorated with large, framed photos of nude young girls, and similar images were found stashed in an armoire and on the computers seized at the house (although police found only bare cables where other computers had been). Some bathrooms were stocked with soap in the

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shape of sex organs, and various sex toys, such as a "twin torpedo" vibrator and creams and lubricants available at erotic specialty shops, were stowed near the massage tables set up in several rooms upstairs.

Epstein also enlisted his staff in the predatory activity, and four—Sarah Kellen, Adriana Ross, Lesley Groff, and Marcinkova—figured in the FBI investigation. The Non Prosecution Agreement stipulated that they would not be charged. According to police reports and sworn statements in the civil suits, all four women, among their other duties, worked to ensure that an appointment book for twice- or thrice-daily "massages" was stocked with fresh recruits. Ghislaine Maxwell, daughter of the late Czechoslovakian-born press baron Robert Maxwell, who was for many years Epstein's live-in partner, also recruited young girls.

Since his 13-month sentence for soliciting prostitution with a minor, Epstein has settled more than a dozen lawsuits brought by underage girls. Seven victims reached a last-minute deal last week, days before a scheduled trial; each received well over $1 million—an amount that will hardly dent Epstein's $2 billion net worth.

The victims told police they waited in the kitchen to be called upstairs for a massage, and the house chef often gave them a bite to eat. House manager Alfredo Rodriguez said in his sworn statement that a maid named Lupita, who was a devout Catholic, wept when she complained to him about cleaning up after the massage sessions, picking up soiled towels and putting away the sex toys. And she was upset that a photo of Epstein with the pope hung next to one of him with a young girl.

Ironically, Rodriguez, who ran the house on El Brillo Way in 2004 and 2005, ended up being sentenced to more jail time than his boss as a result of the complex investigation into Epstein's activities. He was fired, he says, for inadvertently drawing police attention to one of the girls when she arrived at the house unannounced to collect money. He saw an unfamiliar "beater" in the driveway one evening and called 911. When he left Epstein's employ, Rodriguez took away some notes and emails about massage appointments as "protection" against his own prosecution, and failed to produce them during the Palm Beach Police Department's initial investigation.

Unable to get work as a house manager elsewhere in South Florida, he says, Rodriguez later tried to sell this "golden nugget"—his term—for $50,000, to be used in the victims' civil suits. Unfortunately, he made the offer to an undercover cop, and was subsequently charged with "obstruction of official proceedings" for withholding information that could have advanced the criminal investigation of Epstein—which by that point had been settled in a plea deal. Rodriguez was sentenced to 18 months in federal prison (Epstein was allowed to serve 13 months in the Palm Beach county jail), and now awaits an additional sentence on Aug. 24 in federal court in Miami for transporting firearms, another deal he says he made to pay the bills after he lost his job.

In a deposition given for the civil suits, Rodriguez testified that he was instructed to always have $2,000 in cash on hand, so that he could pay both the girls who gave massages and recruiters such as Haley Robson who brought them to the house. He also testified that Epstein made large contributions to the Palm Beach Police Department, and in return was given PBPD baseball hats to put on the dashboard of his various cars to avoid being stopped or ticketed by local police. Retired Police Chief Michael Reiter, in his own deposition, acknowledged that, in addition to earlier donations to the police department (which are fairly common in well-heeled Palm Beach), Epstein had recently given the department $100,000 for some sophisticated equipment. The police were still researching the purchase when Epstein came under suspicion, and Reiter ordered the money returned. (Guy Frostin, one of Epstein's local attorneys, told police that Epstein also gave $100,000 to the Florida Ballet for massages, because he was "very passionate" about massages being "therapeutically and spiritually" beneficial. Yet victims told police they had no massage training.)

Perhaps most disturbing, in terms of possible sex trafficking, was Epstein's relationship with Jean Luc Brunel, owner of the MC2 modeling agency. According to a complaint filed in the U.S. District Court for the Southern District of Florida, an alleged victim said that Epstein, Maxwell, Brunel, Rodriguez, and Marcinkova "deliberately engaged in a pattern of racketeering that involved luring minor children through MC2, mostly girls under the age of 17, to engage in sexual play for money." (Which would amount to trafficking.)

Brunel is a 50-plus French playboy who was formerly part owner of Karin, a Paris-based modeling agency. He lives in New York and South Beach, Florida, and owns 85 percent of MC2, which has offices in New York, Miami, and Tel

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Aviv. (The remaining 15 percent is owned by his partner, Jeff Fuller.) Brunel has been observed as a house guest at Epstein's Palm Beach home and may well have had contact with him also in New York, where Epstein owns a lavish home—the city's largest private residence—and in Paris, where Epstein keeps an apartment on elegant Ave. Foch.

CBS reporter Craig Pyes, who investigated MC2 for a 60 Minutes broadcast several years ago, is quoted in Michael Gross' book about the modeling industry, *Bad and Beautiful*. Pyes told the author that Brunel "ranks among the sleaziest people in the fashion industry. We're talking about a conveyor belt, not a casting couch. Hundreds of girls were not only harassed but molested." Now The Daily Beast has learned that Epstein had made a $1 million wire transfer to Brunel's offshore bank account in September 2004, just as he was setting up MC2. Whether this was a gift or a loan or a backdoor investment in the new venture is unknown. A French citizen who managed to avoid giving evidence in the Epstein investigation, Brunel declined to comment on any of this, as does Fuller. Asked in April of Brunel's activities, Epstein said "I'm 100 percent convinced that he doesn't traffic children." (Brunel has never been charged.)

An American fashion designer who booked her girls through MC2 says they were very young and very beautiful; many were from Eastern Europe and spoke little English. A former bookkeeper in the agency's Miami office, who also arranged visas for girls traveling to the U.S., confirmed that MC2 girls became frequent guests on Epstein's private jets.

Pilot logs obtained in the civil suits show that some of the named plaintiffs were on the flight manifests. Other times, the pilot would just list the other passengers plus "female."

Read Conchita Sarnoff's original report on Epstein.

Conchita Sarnoff has developed multimedia communication programs for Fortune 500 companies and has produced three current events debate television programs, The Americas Forum, From Beirut to Kabul, and a segment for The Oppenheimer Report. She is a contributor to The Huffington Post and is writing a book about child trafficking in America.

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For inquiries, please contact The Daily Beast at editorial@thedailybeast.com.

URL: http://www.thedailybeast.com/blogs-and-stories/2010-07-22/jeffrey-epstein-pedophile-billionaire-and-his-sex-den/p/ **PRINT**

PRINT

BLOGS & STORIES

Billionaire Pedophile Goes Free

by *Conchita Sarnoff*

July 20, 2010 | 11:05pm

Hedge fund mogul Jeffrey Epstein became a free man Wednesday, five years after he was first accused of sexually abusing underage girls. After months of reporting, The Daily Beast's Conchita Sarnoff reveals exclusive details of the investigation and the legal wrangling that saved him from a long prison term. She reports:

- **Palm Beach's police chief objected to Epstein's "special treatment" and gave The Daily Beast an exclusive look at his nine-hour deposition about the investigation.**
- **Earlier versions of the U.S attorney's charges, including a sealed 53-page indictment, could have landed Epstein in prison for 20 years.**
- **Victims alleged that Epstein molested underage girls from South America, Europe, and the former Soviet republics, including three 12-year-old girls brought over from France as a birthday gift.**
- **The victims also alleged trips out of state and abroad on Epstein's private jets, which would be evidence of sex trafficking—a much more serious federal crime than the state charges Epstein was convicted of.**
- **Epstein's attorneys investigated members of the Palm Beach Police Department, while others ordered private investigators to follow and intimidate the victims' families; one even posed as a police officer.**
- **Then-Attorney General Alberto Gonzales told The Daily Beast that he "would have instructed the Justice Department to pursue justice without making a political mess."**

Film director Roman Polanski is not the only convicted pedophile to walk free this month and return to a life of privilege. On Wednesday, hedge fund manager Jeffrey Epstein completes his one-year house arrest in Palm Beach, which has been even less arduous than Polanski's time at a Swiss ski chalet.

During Epstein's term of "house arrest," he made several trips each month to his New York home and his private Caribbean island. In the earlier stage of his sentence for soliciting prostitution with a minor—13 months in the Palm Beach Stockade—he was allowed out to his office each day. Meanwhile, Epstein has settled more than a dozen lawsuits brought by the underage girls who were recruited to perform "massages" at his Palm Beach mansion. Seven victims reached a last-minute deal last week, days before a scheduled trial; each received well over $1 million—an amount that will hardly dent Epstein's $2 billion net worth.

With that, the known victims of Epstein's sexual compulsion have been officially silenced, and the case against him is closed unless new ones come forward. According to banking sources, he has been moving assets out of the U.S. and may well follow Polanski into a luxurious exile.

Watch Jeffrey Epstein Storm Out of a Deposition When Asked About His Penis

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But the question remains: Did Epstein's wealth and social connections—former President Bill Clinton; Prince Andrew; former Israeli Prime Minister Ehud Barak; New Mexico Gov. Bill Richardson; and former Treasury Secretary Larry Summers were just a few of the prominent passengers on his private jets—allow him to receive only a slap on the wrist for crimes that carry a mandatory 20-year sentence? Was he able, with his limitless assets and heavy-hitting lawyers—Alan Dershowitz, Gerald Lefcourt, Roy Black, Kenneth Starr, Guy Lewis, and Martin Weinberger among them—to escape equal justice?

Michael Reiter, the former Palm Beach police chief, certainly thinks so. He gave The Daily Beast exclusive access to the transcript of his nine-hour deposition for the victims' civil suits, in which he explained how the case against Epstein was minimized by the State Attorney's Office, then bargained down by the U.S. Department of Justice, all in an atmosphere of hardball legal tactics and social pressures so intense that Reiter became estranged from several colleagues. At the time, Reiter, who retired in 2009 and now runs his own security firm, objected both to Epstein's plea agreement and to the flexible terms of his incarceration in the county jail rather than state prison. Asked during the deposition whether he thought Epstein received special treatment, he answered "yes."

In March 2005, Reiter's department, acting on a complaint from the Florida parents of a 14-year-old girl, launched an investigation that would eventually uncover a pattern of predatory behavior stretching back years and spanning several continents, knowingly enabled by Epstein's associates and employees. Two or three times a day, whenever Epstein was in Palm Beach, a teenage girl would be brought to the mansion on El Brillo Way. ("The younger the better," he instructed Haley Robson, a local teenager who was paid to bring other girls to the house, and who declared, on a police tape, that she was "like a Heidi Fleiss," the infamous California madam.) Advised that she would be giving a "massage," the girl was then pressured to remove her clothes, submit to fondling and a large vibrator, and sometimes lured into more invasive sexual contact. Each girl was paid $200 or more, depending on how far things went, by house manager Alfredo Rodriguez, who was instructed always to have $2,000 cash on hand.

The Palm Beach Police Department identified 17 local girls who had contact with Epstein before the age of consent; the youngest was 14, and many were younger than 16. And that was just at one of Epstein's many homes around the world—he also owns property in New York, Santa Fe, Paris, London, and the Caribbean. Subsequent investigation by the FBI, reaching as far back as 2001, indentified roughly 40 victims, not counting Nadia Marcinkova, whom Epstein referred to as his "Yugoslavian sex slave" because he had imported her from the Balkans at age 14. Now 24,

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Marcinkova became a member of the household and is alleged to have participated in the sexual contact with underage girls.

Epstein quickly got wind of the investigation, and progress on the case got messy very quickly. He hired a squad of lawyers and private investigators and dispatched influential friends to pressure the police into backing off. Instead, local detectives pressed on and brought the matter to the attention of the FBI. The detectives asked their federal colleagues whether the fact that some victims appeared to have traveled out of state on Epstein's planes—plus the use of interstate phone service to arrange assignations—might be violations of the federal 2000 Trafficking Victims Protection Act, which carries a minimum sentence of 20 years. (Florida enacted the federal TVPA in 2002.)

So when State Attorney Barry Krischer, who also ran Florida's Crimes Against Children Unit, proved reluctant to mount a vigorous prosecution of Epstein, saying the local victims were not credible witnesses, Chief Reiter wrote the attorney a letter complaining of the state's "highly unusual" conduct and asking him to remove himself from the case. He did not, and the evidence his office presented to a state grand jury produced only a single count of soliciting prostitution. (Krischer has since retired and would not comment for this article.) The day after that indictment was returned, Reiter was relieved to have the FBI step in and take over the investigation.

The details that eventually emerged were often shocking and occasionally bizarre. For Epstein's birthday one year, according to allegations in a civil suit, he was presented with three 12-year-old girls from France, who were molested then flown back to Europe the next day. These same civil complaints allege that young girls from South America, Europe, and the former Soviet republics, few of whom spoke English, were recruited for Esptein's sexual pleasure. According to a former bookkeeper, a number of the girls worked for MC2, the modeling agency owned by Jean Luc Brunel, a longtime acquaintance and frequent guest of Epstein's. Brunel received $1 million from the billionaire around the time he started the agency.

The non-prosecution agreement executed between Epstein and the Department of Justice states that Epstein and four members of his staff were investigated for "knowingly, in affecting interstate and foreign commerce, recruiting enticing and obtaining by any means a person, knowing that person has not yet obtained the age of 18 years and would be caused to engage in commercial sex act"—that is, child sex trafficking. Yet the agreement allowed Epstein to plead guilty to only two lower-level state crimes, soliciting prostitution and soliciting a minor child for prostitution.

Although the police investigation was officially closed, Chief Reiter tried to stay abreast of the federal case against Epstein. He was particularly concerned that Epstein be registered as a sex offender, which was part of the final deal, and that a fund be set up to compensate his victims—which was not, although Epstein agreed to bankroll their civil lawsuits. Attorney Dershowitz says Epstein's agreement to pay attorney fees for the victims and agree to civil damage claims—without admitting guilt—amounted to "extortion under threat of criminal prosecution."

But exactly which crimes did the Department of Justice threaten to prosecute? The Daily Beast has learned that there were several earlier versions of the U.S Attorney's charges, including a 53-page indictment that, had he been convicted, could have landed Epstein in prison for 20 years. Brad Edwards, attorney for seven of the victims, confirms the existence of an earlier draft of the non-prosecution agreement, officially under seal, in which it appears that Epstein "committed, at some point, to a 10-year federal sentence." But in the end Epstein's legal team refused that deal and threatened to proceed to trial. And that's where the question of whether the case was "winnable" before a jury again came into play, according to a source in the U.S Attorney's Office, which shared the state attorney's view that the prosecution was far from a slam dunk.

For one, it was clear from the start that Epstein would spare no legal expense and that his team of veteran lawyers, whose cases ranged from O.J. Simpson to the investigation of Clinton's relationship with an intern, would play rough. When the Palm Beach police started to identify victims, according to Detective Joe Recarey's report, Dershowitz began sending the detective Facebook and MySpace posts to demonstrate that some of these girls were no angels. Reiter's deposition also states that he heard from local private investigators that Dershowitz had launched background checks on both the police chief and Det. Recarey. Dershowitz denies all of that. According to Reiter, both he and Recarey also became aware that they were under surveillance for several months, without knowing who ordered it. And the Florida victims began to complain that they and family members were being followed and intimidated by

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private investigators who were then linked to local attorneys in Epstein's employ. In one reported instance, the private investigator claimed to be a police officer, and Reiter considered filing witness-tampering charges.

The credibility of the victims was also an issue; they had never complained of their treatment by Epstein until they were contacted by police, and they may have voluntarily returned to the Palm Beach mansion several times. Many of the girls came from disadvantaged backgrounds or broken homes, and they were susceptible to Epstein's cash, intimidation, and charm. Those who were 16 when they went to El Brillo Way would have been in their 20s by the time they took the stand, and Epstein's investigators had dredged up every instance of bad behavior in their pasts. According to an exchange in the Reiter deposition, a few of the victims had worked in West Palm Beach at massage parlors known as "jack shacks." Each new compromising detail was immediately forwarded to the State Attorney's Office, where staff met frequently with Epstein's lawyers.

The Florida statutes are clear: Any person older than 24 who engages in sexual contact with someone under the age of 18 commits a felony of the second degree. The victim's prior sexual conduct is not relevant; ignorance of her age is no defense. She needn't resist physically to cast doubt on the issue of "consent." For a child under 16, even lewd behavior short of touching is a felony of the second degree. But convincing a jury that a sexual encounter is a heinous crime is difficult if the victim can be made to appear willing and unharmed, not to mention vulgar and mercenary. It wasn't hard to imagine some of the victims quickly being discredited in court by Epstein's crack legal team, who repeatedly noted that the age of consent is lower in many other states.

But that doesn't quite explain why the Department of Justice would forgo the child-trafficking charges, which pertain regardless of a girl's attitude or character. Epstein's final sentence is so out of line with the statutory guidelines for that crime that it appears the department may have been influenced by the existence of his many powerful friends and attorneys. A highly intelligent man who once taught math at the Dalton School in New York without a bachelor's degree, Epstein has been a serious and respected player in the highest reaches of politics and philanthropy. He has made substantial contributions to political candidates, served on the Council on Foreign Relations, and donated $30 million to Harvard University.

Moreover, many of his high-powered acquaintances availed themselves of Epstein's private jets, for which the pilot logs, obtained by discovery in the civil suits, sometimes showed that bold-face names were on the same flights as underage girls. A high-profile trial threatened to splash mud over all sorts of big players, just as both Gov. Richardson and Bill Clinton's wife were running for president. Also, a hedge fund prosecution in which Epstein offered to give evidence was heating up. Alberto Gonzales, who was U.S. attorney general throughout most of the Epstein investigation and resigned just before the non-prosecution agreement was signed, told The Daily Beast that he "would have instructed the Justice Department to pursue justice without making a political mess." But that may have been an impossible mandate, given the players involved.

Instead, said attorney Brad Edwards, "Epstein committed crimes that should have jailed him for most of his life...he was jailed for only a few months." And this week he walks through his door a free man.

Conchita Sarnoff has developed multimedia communication programs for Fortune 500 companies and has produced three current events debate television programs, The Americas Forum, From Beirut to Kabul, and a segment for The Oppenheimer Report. She is a contributor to The Huffington Post and is writing a book about child trafficking in America.

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For inquiries, please contact The Daily Beast at editorial@thedailybeast.com.

URL: http://www.thedailybeast.com/blogs-and-stories/2010-07-20/jeffrey-epstein-billionaire-pedophile-goes-free/p/ **PRINT**

Federal Bureau of Investigation
170 Marcel Drive
Winchester, VA 22602
FAX- (540)868-4996

Fax

To:		From:	
Fax:	561-650-6951	Pages:	4
Phone:		Date:	4/16/2010
Re:	FOIA Request	CC:	

b6
b7C

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• Comments:

31E-mm-108062-227

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January 6, 2010

Record/Information Dissemination Section
Federal Bureau of Investigation
Department of Justice
170 Marcel Drive
Winchester, VA 22602-4843

REQUEST UNDER FREEEDOM OF INFORMATION ACT AND PRIVACY ACT

To Whom It May Concern:

This letter constitutes a request ("Request") under the Freedom of Information Act, 5 U.S.C. § 552 ("FOIA"), the Justice Department's implementing regulations (including 28 C.F.R. § 16.1), the Privacy Act, 5 U.S.C. § 552a, and all other applicable regulations and other applicable provisions of law.

This Request is submitted by undersigned counsel on behalf of our client, Jeffrey Edward Epstein ("the Requester" or "Epstein"). Submitted with this request is an executed Privacy Waiver signed by Epstein which designates undersigned counsel to receive the results of this FOIA request.

I. The Requester

The Requester is a natural person. His birthdate is January 20, 1953. His place of birth is Kings County, New York. His social security number is 090-44-3348. His current address is 358 El Brillo Way, Palm Beach, Florida 33480.

II. Request.

Epstein seeks disclosure of any records[1], documents, files, communications, memoranda, orders, agreements and/or instructions created from January 1, 2000 to December 31, 2009, that

[1] The term "records" as used herein includes all records or communications preserved in electronic or written form, including but not limited to correspondence, documents, data, videotapes, audiotapes, faxes, files, guidance, guidelines, evaluations, instructions, analysis, memoranda, agreements, notes, orders, policies, procedures, protocols, reports, rules, technical manuals, technical specifications, training manuals, or studies.

were prepared, received, transmitted, collected, and/or maintained by the Federal Bureau of Investigation, the Department of Justice, or any of their components on field offices, including but not limited to the following:

1. Any records, order, agreement, or accommodation relating or referring to Epstein, including, but not limited to, records that document monitoring, surveillance, observation, questioning, interrogation, investigation, and/or collection of information relating to Epstein.

2. Any records relating or referring to how, why, or when Epstein was selected to be a subject of monitoring, surveillance, observation, questioning, interrogation, investigation, and/or collection of information.

We preauthorize spending up to $1,000.00

We specifically request that a cross-reference search be conducted for the requested materials. Likewise, we specifically request that the requested search include but not be limited to a search of the FBI's Central Records System (" CRS"), Electronic Surveillance ("ELSUR") indices and so-called tickler files.

Pursuant to applicable regulations and statutes, if this request is denied in whole or in part, we request that you justify all deletions by reference to specific exemptions of the FOIA, the Privacy Act, and any other provisions of law upon which you rely. Unless you reply otherwise within the response deadline set forth in the FOIA, I will assume that you do not claim that you are not the proper office to receive this request. The Requester reserves the right to appeal a decision to withhold any information.

Please furnish all requested information to my above-listed office. Thank you.

Respectfully,

Martin G. Weinberg

Complete, sign, and mail (original signature needed)

U.S. Department of Justice

Federal Bureau of Investigation

Privacy Waiver and Certification of Identity

Full Name: Jeffrey E. Epstein

Aliases used:

Current Address: 358 El Brillo Way, Palm Beach, FL 33480

Date of Birth: 1/20/1953 Place of Birth: Kings County, New York

Social Security Number (optional): 090-44-3348

(Optional: Prior addresses, employments, etc., which may assist the FBI in locating the requested information)

I hereby waive my right to privacy, and I authorize the FBI to release any and all information relating to me to:

(Name, address & phone of attorney or other designee)

Martin G. Weinberg
20 Park Plaza, Suite 1000, Boston, MA 02116 - 617 227 3700

Under penalty of perjury, I hereby declare that I am the person described above and understand that any falsification of this statement is punishable under the provisions of Title 18, United States Code (U.S.C.), Section 1001 by a fine of not more than $10,000 or by imprisonment of not more than five years, or both; and that requesting or obtaining any record(s) under false pretenses is punishable under the provisions of Title 5, U.S.C., Section 552a (i)(3) as a misdemeanor and by a fine of not more than $5,000.

Signature: _____ Date: 1/5/10

(Rev. 05-01-2008)

UNCLASSIFIED

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE **Date:** 11/24/2010

To: Jacksonville **Attn:** CFR
Miami ✓**Attn:** SA [redacted]

From: Jacksonville
Squad 10
Contact: SA [redacted]

b6
b7C

Approved By: [redacted]

Drafted By: [redacted]

Case ID #: 802R-JK-52669-12 (Closed)
31E-MM-108062✓ (~~Pending~~) -230

Title: [redacted]
POTENTIAL CONFIDENTIAL HUMAN SOURCE;
HUMAN TRAFFICKING;
CI;
JACKSONVILLE DIVISION

b6
b7C

JEFFREY EPSTEIN;
[redacted]
WSTA-CHILD PROSTITUTION

b6
b7C

Synopsis: Providing information to the Miami Division re [redacted]

b6
b7C
b7D

Reference: 31E-MM-108062 Serial 226

Details: On 10/27/2010, Jacksonville sources reported [redacted] was attending [redacted] Brief contact was made with [redacted] and captioned 802R file was opened. However, sources reported that [redacted] received [redacted] and departed the Jacksonville area sometime during the week of [redacted] Captioned 802R file was subsequently closed on [redacted]

UNCLASSIFIED

31E-MM-108062-230

To: Jacksonville From: Jacksonville
Re: 802R-JK-52669, 11/24/2010

After contact with MM case agents, Jacksonville case agent believes that information obtained during this brief 802R assessment may be beneficial to Miami's captioned 31E investigation. This EC directs copies of all 11 serials and enclosures to be forwarded to 31E-MM-108062 for case agents review and for informational purposes.

The highlights of this brief assessment revealed the following:

[redacted] b6 b7C b7D

In closing, Jacksonville requests Miami notify Jacksonville if information is received indicating [redacted] is returning to [redacted] to possibly receive [redacted]. This would be the next logical

HOUSE_OVERSIGHT_021678

To: Jacksonville From: Jacksonville
Re: 802R-JK-52669, 11/24/2010

[redacted] b6
[redacted] Jacksonville b7C
believes this source could be extremely valuable to Miami's case b7D
if needed.

HOUSE_OVERSIGHT_021679

To: Jacksonville From: Jacksonville
Re: 802R-JK-52669, 11/24/2010

LEAD(s):

Set Lead 1: (Action)

JACKSONVILLE

AT JACKSONVILLE, FL

Request to copy all serials and enclosures in 802R-JK-52669 and forward to case agent SA [redacted] Miami Division, Palm Beach RA, re: 31E-MM-108062. b6 b7C

Set Lead 2: (Info)

MIAMI

AT PALM BEACH, FL

For information purposes only.

♦♦

(Rev. 05-01-2008)

UNCLASSIFIED

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE **Date:** 12/10/2010

To: Miami

From: Jacksonville
Squad 10
Contact: SA [redacted] b6 b7C

Approved By: [redacted]

Drafted By: [redacted]

Case ID #: 802R-JK-52669 (Closed)
31E-MM-108062 ~~(Pending)~~ 231
[redacted] ~~(Pending)~~ b7D

Title: [redacted] b6 b7C
ET AL;
MIAMI DIVISION

Synopsis: Forwarding current photographs of [redacted]

Enclosure(s): Forwarding copies of [redacted] photographs obtained by [redacted] of [redacted] Also enclosed is a photograph of [redacted] b6 b7C b7D b7E

Details: Recently, photographs were forwarded in an email by [redacted] obtained this email and forwarded it to JK. According to the email, [redacted] is using the email address of [redacted]

Several of these photographs show [redacted] Jeffrey Epstein).

UNCLASSIFIED

31E-MM-108062 - 231

To: Miami From: Jacksonville
Re: 802R-JK-52669, 12/10/2010

According to [redacted] is registered to [redacted] b7E

HOUSE_OVERSIGHT_021682

To: Miami From: Jacksonville
Re: 802R-JK-52669, 12/10/2010

LEAD(s):

Set Lead 1: (Info)

MIAMI

AT PALM BEACH, FL

Forwarding [redacted] current email address and photographs of [redacted] with ties to JEFFREY EPSTEIN.

b6
b7C
b7D

♦♦

HOUSE_OVERSIGHT_021683

HARK! You're spending too much at the mall.
THERE'S A BETTER WAY TO CHRISTMAS SHOP. ›ROLLOVER TO FIND OUT HOW
Marshalls TJ maxx

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Picture of the Grumman American G-1159B Gulfstream II-B aircraft

[Medium Large Fit Screen]

URL (link) to this photo: http://www.airliners.net/photo/Grumman-American-G-1159B/1678945/M/

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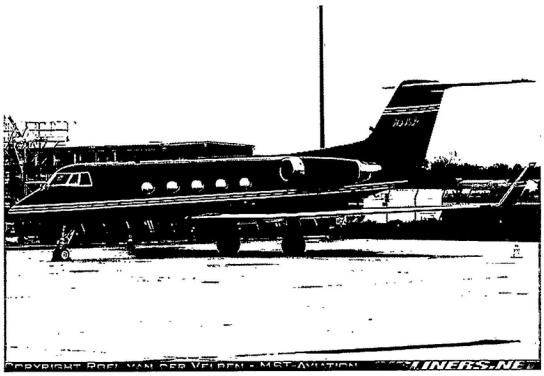

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I KNOW THE HEARTS OF THE HOMELESS.
I'm Sally Marks & I'm a Mormon
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Aircraft
More: Untitled
More: Grumman American G-1159B Gulfstream II-B

Remark
N909JE (cn 151)

Taken at
More: Paris - Le Bourget (LBG / LFPB)
More: France, April 28, 2008

Photographer
More: Roel van der Velpen - MST-Aviation
Contact Roel van der Velpen - MST-Aviation
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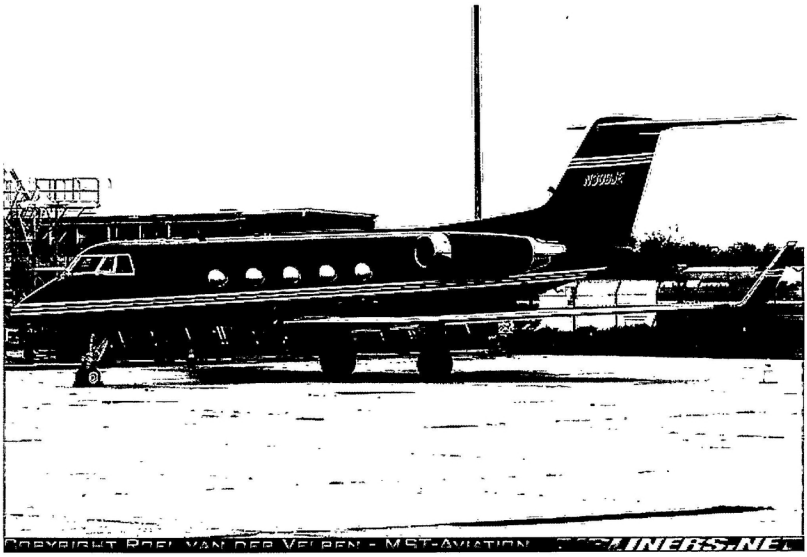
[Medium Large Fit Screen]

Previous photo:

Distinct views: 495
Photo added: April 4, 2010
Average views per day: 2

Next photo:

Other great photos: ☑ By this photographer ☐ Of this aircraft ☐ Of this airline ☐ From this location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(Rev. 01-31-2003)

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE **Date:** 03/12/2011

To: Criminal Investigative **Attn:** Violent Crime Section
Crimes Against Children Unit
SSA [redacted] b6 b7C

To: [redacted] **Attn:** LEGAT [redacted]
ALAT

From: Miami
Squad PB-2 / Palm Beach County RA
Contact: SA [redacted]

Approved By: [redacted]

Drafted By: [redacted]

Case ID #: 31E-MM-108062 (~~Pending~~)

Title: JEFFREY EPSTEIN;
[redacted]; b6 b7C
WSTA - CHILD PROSTITUTION

Synopsis: Request country clearance and travel authority for two Miami Agents to travel to [redacted] from 03/14/2011 to 03/21/2011 to interview United States Citizen, [redacted]

Details: : Captioned matter was initiated in July 2006 after the Palm Beach Police Department (PBPD) requested the assistance of the FBI. PBPD reported that they had an ongoing investigation regarding EPSTEIN procuring underage girls from local high schools to perform massages and sexual acts at his residence.

The victims were usually recruited by other underage females and after performing various acts were paid sums of money in the $200-$1000 range.

During the FBI investigation a victim, [redacted] was identified. It was reported [redacted] was working at [redacted] when she was approached by [redacted] to meet EPSTEIN at his residence. [redacted] agreed and soon began [redacted]

[redacted] b1.ec 31E-MM-108062-234

b6
b7C

An identified victim, [redacted] was introduced to EPSTEIN by [redacted] at the time. During their first meeting, [redacted]

On 03/04/2011 [redacted] activities with EPSTEIN. [redacted] indicated that EPSTEIN had [redacted]

Miami Division requests country clearance for two case agents to travel to [redacted] on 03/14/2011 to interview [redacted], victim in captioned matter. [redacted] currently lives [redacted] and is a US Citizen [redacted] is the victim of a sex crime and a face to face interview at the [redacted] in [redacted] would be the most appropriate forum to obtain her information. Agents with the most knowledge of the matter will be able to review documents that [redacted] has and evaluate them quickly.

HOUSE_OVERSIGHT_021688

A. Bureau Travelers:

Name:
DOB:
SSAN:
PASS:
Expires:
Clearance:

Name:
DOB:
SSAN:
PASS:
Expires:
Clearance:

b6
b7C

B. Dates of travel:

The travel for Miami personnel is scheduled from March 14, 2011 to March 21, 2011.

C. Points of travel:

The agents will travel from West Palm Beach, Florida to and return to West Palm Beach, Florida.

b6
b7C

D. Purpose of travel:

SA and SA will travel to to interview about her sexual abuse.

E. Other agencies involved:

N/A

F. Dates of previous travel:

None

SA and SA have completed Overseas Awareness training, and Personnel Recovery 1 training.

HOUSE_OVERSIGHT_021689

LEAD(s):

Set Lead 1: (Action)

CRIMINAL INVESTIGATIVE

AT WASHINGTON, DC

CAC Unit is requested to coordinate and obtain appropriate approvals for proposed international travel of the listed Miami personnel.

Set Lead 2: (Action)

[redacted] b6 b7C

AT [redacted]

[redacted] is requested to obtain concurrence from the [redacted] in obtaining country clearance for the travel of the listed Miami personnel.

♦♦

HOUSE_OVERSIGHT_021690

(Rev. 01-31-2003)

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE **Date:** 03/12/2011

To: Criminal Investigative **Attn:** Violent Crime Section
Crimes Against Children Unit
SSA [redacted] b6 b7C

To: [redacted] **Attn:** LEGAT Henry Gittleman
ALAT [redacted]

From: Miami
Squad PB-2 / Palm Beach County RA
Contact: SA [redacted]

Approved By: [redacted]

Drafted By: [redacted]

Case ID #: 31E-MM-108062 ~~(Pending)~~

Title: JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

Synopsis: Request [redacted] facilitate interview of victim, [redacted], through the [redacted]

Details: : Captioned matter was initiated in July 2006 after the Palm Beach Police Department (PBPD) requested the assistance of the FBI. PBPD reported that they had an ongoing investigation regarding EPSTEIN procuring underage girls from local high schools to perform massages and sexual acts at his residence.

The victims were usually recruited by other underage females and after performing various acts were paid sums of money in the $200-$1000 range.

During the FBI investigation a victim, [redacted] was identified. It was reported [redacted] was working at [redacted] when she was approached by [redacted] to meet EPSTEIN at his residence. [redacted] agreed and soon began [redacted]

272 [redacted] 01-ec 31E-MM-108062-235

An identified victim, [redacted] was introduced to EPSTEIN by [redacted]. During their first meeting, [redacted] b6 b7C

On 03/04/2011 [redacted] activities with EPSTEIN. [redacted] indicated that EPSTEIN had [redacted]

On 03/11/2011, [redacted] was contacted telephonically by AUSA [redacted] and agreed to meet with writer and SA [redacted] at the [redacted] on Thursday, [redacted] at 11:00 a.m. (local time [redacted]. Miami Division requests [redacted] facilitate the interview of [redacted] through the [redacted] DOB [redacted] a U.S. Citizen, currently resides at [redacted] telephone [redacted] email [redacted] is the victim of a sex crime and is not considered a subject or facing any charges in captioned matter.

LEAD(s):

Set Lead 1: (Info)

CRIMINAL INVESTIGATIVE

AT WASHINGTON, DC

For info only.

Set Lead 2: (Action)

[redacted]

AT [redacted]

[redacted] is requested to facilitate the interview of [redacted] through the [redacted] to occur at the [redacted] on [redacted] at 11:00 a.m.

b6
b7C

♦♦

HOUSE_OVERSIGHT_021693

(Rev. 05-01-2008)

UNCLASSIFIED

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE **Date:** 04/07/2011

To: Miami **Attn:** Third Party Draft

From: Miami
PB-2/PBCRA
Contact: SA [redacted]

b6
b7C

Approved By: [redacted]

Drafted By: [redacted]

Case ID #: 31E-MM-108062 (~~Pending~~)

Title: JEFFREY EPSTEIN;
[redacted]
WSTA-CHILD PROSTITUTION

Synopsis: EC requesting reimbursement from case funds for purchase of supplies

Enclosure(s): Original receipt, copy of receipt, and FD-759

Details: After the close of regular business hours on Friday, March 11, 2011, it was discovered that the color UNET printer was out of black ink and was not functional. SA [redacted] inquired with SSA [redacted] as to replacement cartridges. While there were several color replacement cartridges, no black cartridges were found in the squad supply area.

SAs [redacted] were scheduled to depart for [redacted] on Monday, March 14, 2011 to interview a sexual assault victim. Printed documents and photographs from the Unet machines were needed for use in the interview. Due to the exigent travel requirements and with the situation occurring over the weekend, a replacement cartridge was purchased from Staples. SA [redacted] purchased one (1) Hewlett Packard Model Q6000A black toner cartridge for use in the UNET unclassified printer on March 13, 2011. Reimbursement in the amount of $90.09 is requested.

♦♦

S:\DRAFTS\PB2[redacted]097[redacted].01.ec UNCLASSIFIED

31e-mm-108062-239

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1683 03/13/11 01:02

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la página de Internet o por telefono.
Consiga las reglas en la tienda.***

****

QTY SKU	PRICE
1 HP Q6000A BLACK TO	
603403	84.99
SUBTOTAL	84.99
Standard Tax 6.00%	5.10
TOTAL	$90.09
Visa	90.09

Card No.: XXXXXXXXXXXX6711 [S]
Auth No.: 00510C

TOTAL ITEMS 1

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b6
b7C

FD-794
Revised
10-11-2005

FEDERAL BUREAU OF INVESTIGATION

PAYMENT REQUEST

DRAFT TYPE

Request Type:	Payment Type:	Forfeiture or Drug Related?:	Catalog:
○ Advance ◉ Expense	◉ Commercial ○ Confidential	☐ Yes ☑ No	CW

INFORMATION ABOUT THE REQUESTING EMPLOYEE

Official Bureau Name: (Last, First, Middle)	Social Security Number:	Date of Request:
[redacted]	[redacted]	04/07/2011

Division:	Section:	Unit:	Telephone Number:	File Number:
MM	PBCRA	PB-2	[redacted]	31E-MM-108062

INFORMATION ABOUT THE REQUESTED PAYEE

Payee Name:	Social Security or Taxpayer ID Number:
[redacted]	[redacted]

Justification:

Printer toner cartridge needed for use in case preparation immediately preceding travel to [redacted]

V2R1

DETAILS ABOUT THE REQUESTED DRAFT

To be completed by Finance Only

Catalog:	Item Number:	Description:	Amount:
CE	552571	**See attached EC**	**$90.09**
		Total:	$90.09

APPROVAL

		Date
Supervisor:		04/07/2011
SAC / ASAC / AO / SAS:		4/14/11
Supply Technician:		
Draft Approval Officer:		4-19-11
Procurement Authority:		

OBLIGATION PROCESSING 176790

Vendor Number:	Group Number:	Obligation Number:	Follow Up Date:
ANMM 108062	A2	176790	5/20/11

Cost Center:	Squad or RA:	Document Number:	Draft Number:
3460	PB-2	11	110618

Signature of Cashier: Date:

EXPENSE PROCESSING

Document Number:	Draft Number:	Signature of Cashier:	Date:
EXPmm11	110493		4-20-11

THIRD PARTY
Received
APR 15 2011

DRAFT

31e-mm-108062-240

Click here to print

Mail Online

Prince Andrew and the 17-year-old girl his sex offender friend flew to Britain to meet him

By Sharon Churcher
Last updated at 1:02 PM on 2nd March 2011

- **Virginia Roberts reveals she is 'Jane Doe 102' in Jeffrey Epstein case**
- **Mother-of-three spent four years as millionaire's personal masseuse**
- **She describes being flown across world to meet Prince Andrew**
- **Epstein trained her 'as a prostitute for him and his friends'**

As the UK's special representative for international trade, the Duke of York holds an important position, requiring sound judgement and widespread respect.

But those qualities have been thrown into question since photographs of Prince Andrew with his billionaire financier friend Jeffrey Epstein, a convicted child-sex offender who was jailed for 18 months for soliciting underage prostitutes, appeared last weekend.

Today, however, even more serious doubts are cast on his suitability after a woman at the centre of the Epstein case revealed to The Mail on Sunday that she had, as a 17-year-old employed by Epstein, been flown across the world to be introduced to the Prince.

31E-MM-108062-246

HOUSE_OVERSIGHT_021697

First meeting: Prince Andrew puts his arms around 17-year-old Virginia, centre

On one of those occasions Virginia Roberts was subsequently paid $15,000 (£9,400). Her shocking account of her four years as Epstein's personal masseuse is supported by court documents, an

HOUSE_OVERSIGHT_021698

eyewitness, photographs and flight details of Epstein's private jets.

One picture, said to have been taken by Epstein during Andrew's first encounter with the girl in March 2001 and published today by The Mail on Sunday, shows the Prince with his arm around her waist.

This is not the first time the Duke of York's judgment and choice of associates have been questioned. He appears to relish the company of super-rich oil billionaires from the Middle East, North Africa and the former Soviet Union.

The peculiar sale of his former marital home to a Kazakh businessman for £15 million after it had languished unsold for five years at £12 million has never been satisfactorily explained.

In the recent leak of American diplomatic cables it was revealed that he had criticised an official corruption investigation into the huge Al-Yamamah arms deal between Britain and Saudi Arabia, while he is also said to be close to Saif Al-Islam Gaddafi, son of the beleaguered Libyan president, and may have had a role in the early release of Lockerbie bomber Abdelbaset Al Megrahi.

While on the streets, I slept with men for money. I was a paedophile's dream

But it is Andrew's friendship with Epstein, whom he has known since at least 2000, and with Epstein's confidante Ghislaine Maxwell, daughter of the late disgraced newspaper baron Robert Maxwell, that gives most concern.

He was first seen with the pair on holiday in Thailand, and was pictured cavorting with Ghislaine at a Halloween fetishthemed party in Manhattan.

The photograph that appeared last weekend shows the prince strolling through Central Park with 58-year-old Epstein. Andrew was said to have spent four days at his New York mansion in December, when he was joined by other distinguished guests, including Woody Allen, at a dinner.

It is by no means the first New York soiree Andrew has attended as Epstein's guest.

A lengthy profile of the financier in Vanity Fair magazine some years ago reported that Andrew was a guest at a cocktail party thrown by Epstein and Maxwell packed with young Russian models. 'Some guests were horrified,' said the article's author, Vicky Ward.

It should not be forgotten that Epstein is a registered sex offender after recently completing his sentence for offences relating to child prostitution.

However, he avoided trial on more serious charges that carried a potential life sentence. And no one reading The Mail on Sunday's interview with the woman who was prepared to testify against him can be in any doubt of the seriousness of the charges.

Epstein, a Wall Street money manager who once counted Bill Clinton and Donald Trump among his friends, became the subject of an undercover investigation in 2005 after the stepmother of a 14-year old girl claimed she was paid $200 (£125) to give him an 'erotic massage'.

The subsequent FBI probe uncovered at least 20 girls levelling sexual allegations against him. Eventually, Epstein struck a 'plea bargain' with prosecutors – a practice not permitted under British law – under which he was allowed to plead guilty to two relatively minor charges.

HOUSE_OVERSIGHT_021699

Police claim that his donations to politicians and his 'dream team' of influential lawyers deterred prosecutors from bringing more serious charges of sex-trafficking. The deal certainly kept the names of a lot of Epstein's famous friends out of an embarrassing court case.

However, an unusual part of the agreement was that Epstein's alleged victims were allowed to bring civil proceedings against him.

He has so far made 17 out-of-court settlements, and some cases are ongoing. One of these girls was to have been a key witness for the prosecution had the case gone to trial. She was just 15 years old when she was drawn into Epstein's exploitative world in 1998.

In her civil writ against him, under the pseudonym Jane Doe 102' she alleged that her duties included being 'sexually exploited by Epstein's adult male peers including royalty'.

HOUSE_OVERSIGHT_021700

A new life: Virgina, now a mother-of-three, in Australia

Now, horrified by the evidence of Epstein and Andrew enjoying each other's company in New York, Jane

HOUSE_OVERSIGHT_021701

Doe 102 has agreed to waive her anonymity and tell for the first time her deeply disturbing story.

Her real name is Virginia Roberts and she now lives in Australia, where she is a happily married mother of three.

Over the course of a week during which she spoke at length to The Mail on Sunday, she appeared sometimes vulnerable, and sometimes steely, but always quietly resolute and consistent.

Revisiting events from a past that she had hoped she had left behind,Virginia occasionally buried her face in her hands.

Some recollections – and, for reasons of taste, not all the details can be included here – caused her to flush with shame. 'I'm telling you things that even my husband didn't know,' she said.

Virginia, who has undergone counselling to try to come to terms with her past, is honest about her initiation into Epstein's depraved world.

She was a troubled teenager, whose slender figure, delicate complexion, hesitant voice and soulful blue eyes made her look young for her years.

Born in Sacramento, California, in August 1983, Virginia spent her early years on a small ranch on the West Coast of America.

This seemingly idyllic childhood ended when she was sexually molested by a man close to her family.

The fallout from that led to her parents temporarily splitting up. Blaming herself, Virginia began to get into trouble Aged 11, she was sent to live with an aunt but repeatedly ran away.

Living on the streets, she was beaten up and slept with at least two older men in return for food. 'I was a paedophile's dream,' she says.

Three years later, she was reunited with her family and started a new life with her father who had moved to Palm Beach,

Florida, where he was maintenance manager at Donald Trump's country club, Mar-a-Lago.

Virginia got a part-time job as a changing room assistant –which is where, soon after her 15th birthday, she met Ghislaine Maxwell, who invited her to work as Epstein's personal masseuse.

'I was wearing my uniform – a white miniskirt and a skin-tight white polo top – when I was approached by Ghislaine,' Virginia says.

'I told her I wanted to become a masseuse and she said she worked for a very wealthy gentleman who was looking for a travelling masseuse.

I'd get training and be paid well.'Virginia's father gave his blessing, believing his daughter was being handed the opportunity to learn a skill and to work for a wealthy and respectable employer.

He drove her to Epstein's pink mansion on the Palm Beach waterfront – he also owns a nine-storey home in New York, the city's biggest private residence; a 7,500-acre ranch called 'Zorro' in New Mexico and Little Saint James, a private 70- acre atoll in the US Virgin Islands.

Virginia says: 'Ghislaine said I was to start immediately and that someone would drive me home.

My father left and I was told to go upstairs.' She was led by another woman through Epstein's bedroom into a massage room where he lay face down naked on a table.

He started to interviewed Virginia. This was unconventional, but Virginia had no suspicions. Presumably, she thought, this was how the wealthy conducted their business.

Epstein elicited the information that Virginia had been a runaway, and was no longer a virgin.

Virginia was then told to start massaging Epstein, under the instructions of the woman who had shown her in. The massage quickly developed into a sexual encounter.

Virginia was uncomfortable, but reluctant to deny such important people. 'My face was red with embarrassment,' she says. 'But I felt under immense pressure to please them.

The whole time it was going on, they were promising me the world, that I'd travel with Jeffrey on his private jet and have a well-paid profession.' Afterwards, she was given two $100 bills and told to return the next day.

That was the beginning of the four years she spent with Epstein.

For three of those years, she was under Florida's age of consent, which is 18.

Troubled teenager: Virginia on the billionaire's Zorro ranch in New Mexico in 2001

Virginia was fascinated by his life story: the son of a humble New York City parks worker, he was a teacher before becoming a Wall Street broker and friends with the upper echelons of the political, financial and academic establishment.

As a confused teenager, Virginia easily fell into the practice of sexually gratifying him for money.

He guaranteed her a minimum of $200 each time she gave him what he called an 'erotic massage.'

Virginia said: 'I would always receive the money immediately. He would give me the cash from a wad he carried in a black duffel bag or an assistant paid me.

'And, because of the way Epstein had warped her sensibilities, every time she took the cash, Virginia felt even more indebted to him. Secretly, he was also preparing her for an even more disturbing role.

Epstein had trained me to do whatever men wanted. I told myself I was special

'Basically, I was training to be a prostitute for him and his friends who shared his interest in young girls,' she says: 'After about two years, he started to ask me to "entertain" his friends.'

It started when Epstein called Virginia at the Palm Beach apartment he had rented for her.

She recalls: 'He said, "I've got a good friend and I need you to fly to the island to entertain him, massage him and make him feel how you make me feel."

He didn't spell out what I had to do. He didn't have to. 'He'd trained me to do whatever a man wanted. I was shocked but I told myself he was sharing me around because he trusted me and I was special.

I was worried, but I would do anything to keep Jeffrey happy and to keep my place as his number one girl.

He would keep telling me how lucky I was with the life I was leading and the money I was making. It was easy to fall into his grasp.

'The way it usually worked was I'd be sent to meet a man on the private island Jeffrey owned in the Caribbean, or at his ranch in New Mexico, which was really isolated.' She was 'given' to men ranging in age from their 40s to their 60s.

They included a well-known businessman (whose pregnant wife was asleep in the next room), a world-renowned scientist, a respected liberal politician and a foreign head of state.

None appeared to think the arrangement was unusual. Virginia says there were many other girls in Epstein's circle and that she was paid extra money to help recruit them.

HOUSE_OVERSIGHT_021704

Counselling: Virginia at her mother's home at Palm Beach in 1998

'They would lounge around the Palm Beach house, the ranch or the island, nude or topless,' she says. 'But I was one of the very few he trusted as "special" and chosen to "entertain" his friends.'

Virginia took the sedative Xanax to detach herself from sordid reality. 'It was an escape drug,' she says. 'It made me calm and helped me forget about what I had to do. I was up to eight pills a day.'

Epstein had no objection to Virginia's use of prescription drugs, no doubt recognising that they made her even more malleable. 'I didn't want to go back to the life I'd had before' she says.

'That made me totally obedient.' Despite the fact that Epstein was, essentially, her pimp, this life now seemed normal to Virginia. 'I felt that he and Ghislaine really cared for me,' she said.

'We'd do family things, like watch Sex And The City and eat popcorn. 'A lot of it was very glamorous. I met famous friends of his such as Al Gore and Heidi Klum and Naomi Campbell. He introduced me as his "travelling masseuse."

Some people mistook me for his daughter. 'When we were in New York or Palm Beach, Ghislaine and I would shop all day.

Jeffrey bought me jewellery – diamonds were his favourite – and wonderful furniture. He was paying me very well because I'd give him sex whenever he wanted it.'

She was, she says, delighted when Epstein invited her to accompany him on a six-week trip in 2001.

'He said we'd be going to Europe and North Africa to meet architects and interior decorators because he

HOUSE_OVERSIGHT_021705

wanted to redo his New Mexico house.

I threw my arms around him and gave him a peck on the cheek.' They flew to Paris, then Spain, then Tangier.

Finally, they went to London. 'After we landed, we drove straight to Ghislaine's house,' says Virginia. 'I was given a small upstairs bedroom. The following morning, Ghislaine came in.

She was chirpy and jumped on the bed saying, "Get up, sleepyhead. You've got a big day. We've got to go shopping. You need a dress as you're going to dance with a Prince tonight."

'She said I needed to be "smiley" and bubbly because he was the Queen's son.

Ghislaine and I went to Burberry, where she bought me a £5,000 bag, and to a few other designer stores where we bought a couple of dresses, a pair of embroidered jeans and a pink singlet, perfume and make-up.

We got back to Ghislaine's house at around 4pm and I ran straight upstairs to shower and dress.

When I went downstairs, Ghislaine and Jeffrey were in the lounge. There was a knock at the door. Ghislaine led Andrew in and we kissed each other on the cheek. 'Ghislaine served tea from a porcelain pot and biscuits. She knew Sarah Ferguson and they talked fondly about Andrew's daughters.

Then Ghislaine asked Andrew how old he thought I was and he guessed 17 and they all laughed. Ghislaine made a joke that I was getting too old for Jeffrey.

She said, "He'll soon have to trade her in." It was widely known that he liked young girls.' The four of them went out to dinner and on to Tramp nightclub where, she says, Andrew danced with her.

'After about an hour-and-a-half, we drove back to Ghislaine's.

All of us went upstairs and I asked Jeffrey to snap a picture of me with the Prince. I wanted something to show my Mom. Ghislaine and Jeffrey left us after that, and later Andrew left.

'In the morning, Ghislaine said, "You did well. He had fun". We flew straight back to the States.' The Mail on Sunday has confirmed that the tycoon's jet flew to Paris on March 6, 2001, continuing to Granada, Tangier and London, before returning to New York.

On the last leg of the trip, Virginia was paid about $15,000 (£9,400) by Epstein. 'It was amazing money, more than I'd ever made on a trip with him before.

He didn't say there was any special reason, but I felt like I'd done everything he wanted. He was very pleased.'

I took eight pills a day to help me forget what I had to do. It made me calm.

There is no suggestion that there was any sexual contact between Virginia and Andrew, or that Andrew knew that Epstein paid her to have sex with his friends.

However, the Prince must have been aware of Epstein's conviction when he stayed with him in New York in December.

HOUSE_OVERSIGHT_021706

Virginia says she met Andrew for a second time around Easter 2001 at Epstein's Manhattan mansion.

'When I got to the mansion, I was told, "Get ready. You are meeting someone in the office" – which is what they called the library. Andrew was sitting there in a big leather armchair.

Ghislaine had just given him a present, a big toy that was his Spitting Image puppet. 'He was smiling ear-to-ear. He looked like a kid whose parents were taking him to Disney World.

A beautiful girl called Johanna Sjoberg who worked for Jeffrey was sitting on Andrew's knee. Ghislaine guided me over to Andrew and I think he recognised me, though I don't know if he remembered my name.

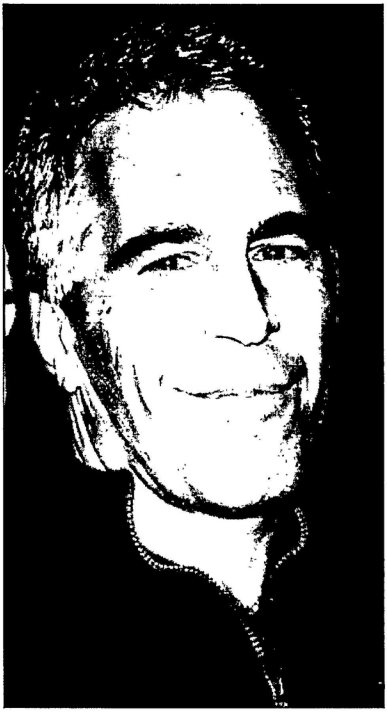
Organiser: Ghislaine Maxwell looks on as Andrew put his arm around Virginia. Robert Maxwell's daughter invited her to work as Epstein's personal masseuse soon after her 15th birthday

We kissed on the cheek and Ghislaine placed me on his other knee.' Johanna spoke to The Mail on Sunday three years ago about this incident, which took place when she was 21.

HOUSE_OVERSIGHT_021707

She said: 'Ghislaine put the puppet's hand on Virginia's breast, then Andrew put his hand on my breast. It was a great joke. Everybody laughed.' After this, Virginia was paid, by Epstein, around $400 (£250).'

She met Andrew for the third and final time on Epstein's Caribbean island, Little Saint James. Virginia was never under the British legal age of consent when she met Andrew. She was 17 during the first two encounters and 18 at the third.



Conviction: Jeffrey Epstein

By now, however, Epstein, had started to hint that she was getting 'too old' for him.

But during one trip to the island, Epstein and Ghislaine made their most astonishing proposition, and one which repulsed her. 'They said Jeffrey wanted me to have his child,' she says.

'They said I was part of their family and I was beautiful,young, loyal and nurturing and would be a great mother.

They said I would have to sign a contract relinquishing rights to the child and consenting to Jeffrey having as many relationships as he liked. In return I would have my own mansion in Palm Beach and a large

HOUSE_OVERSIGHT_021708

monthly payment, a percentage of his income.'

This, finally, was a wake-up call to Virginia and she began to see the way in which she had been groomed.

'It was a smack in the face,' she says. 'I finally realised this wasn't ever going to be a real relationship but I knew if I refused, I'd be thrown back on the streets. So I said, "I'm too young. I want to get my massage credentials, then maybe we'll do it".'

The tycoon took her at her word and, for her 19th birthday in August 2002, flew her to Thailand where he enrolled her in a massage course.

Shortly after arriving there, she met an Australian martial arts expert called Robert. They fell in love and, just ten days later, married in a Buddhist ceremony.

'I called Jeffrey and told him I'd fallen madly in love,' Virginia says. 'I was hoping he'd be delighted. But he said, "Have a nice life," and hung up on me.' The couple now have two sons, aged five and four, and a daughter who recently turned one.

'The first few months after I married Robert were the worst,' she says. 'I couldn't bring myself to tell him much. No man wants to know his wife has been traded out.

'I felt very alone. I was having panic attacks and seeing a psychiatrist and was on anti-depressants.

' Virginia was beginning to put her Epstein days behind her when, three years ago, she was phoned by the FBI.

'They said they had found photos of me at Jeffrey's Palm Beach house,' she says. '[Epstein had] hidden cameras watching me the entire time even when I was in the bathroom. I was so embarrassed.

'I told the FBI that my true purpose was sexual. They told me everything he did was illegal because I was under age.' (The age of consent in Florida is 18).

'They said that if it had to go to trial, they'd need me because I'd lived with him and that made me a key witness. I was very afraid, because he had so much power, but eventually I agreed to testify.

I was glad he'd finally been found out. He shouldn't be hurting other girls. Following Epstein's arrest, investigators are believed to have found a list of men's names on his computer and asked him whether they had been 'treated' to sexual encounters with his menage of minors.

'He took the Fifth Amendment, refusing to answer, indicating that if he were to answer the question, it could be incriminating,' a source told The Mail on Sunday.

Epstein struck a deal resulting in what commentators characterised as a 'slap on the wrist' for him, and ended up serving 13 months of his sentence, much of it in a liberal work-release programme Lawyer Brad Edwards, who represented several of Epstein's victims, said: 'Rather than punish him the way they would an average Joe, they sent a clear message that with enough money and power and influence, the system can be bought.'

Virginia was spared her the humiliation of having to go before a jury, and has kept her feelings bottled up until last weekend's photograph of Andrew with Epstein triggered distressing memories.

HOUSE_OVERSIGHT_021709

Virginia says: 'I am appalled. To me, it's saying, "We are above the law." But Jeffrey is a monster.'

Last night, neither Epstein, Ghislaine Maxwell nor Prince Andrew would comment on Virginia's story.

People:
- Woody Allen,
- Bill Clinton,
- Naomi Campbell,
- Al Gore,
- Sarah Ferguson,
- Robert Maxwell,
- Donald Trump,
- Heidi Klum

Places:
- York,
- London,
- Paris,
- New York,
- Australia,
- Thailand,
- Spain,
- United Kingdom,
- America,
- Europe,
- Middle East,
- Caribbean

Organisations:
- Federal Bureau of Investigation

Comments (101)

- Newest
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- Best rated
- Worst rated

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How many people in the middle east must consider themselves lucky when they look at the immorality of our highly paid royal family which has been ripping the British public off for years. W.S.

- Will Stirum, Manchester, 27/2/2011 17:06

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complete waste of space,

- dusters, up in the north, 27/2/2011 16:58

Click to rate _ _ Rating 292

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"....Makes yer proud to be English... I think not....."- Rupert, Scotland, 27/2/2011 07:31----------what on earth has being English got to do with it? Epstein is American so was the girl. And we all know how morally corrupt the rest of the Maxwell family were/are. Prince Andrew is not the epitome of being English. What you are talking about is related to a small minoirty of individuals who just happen to be English. If they behave badly, then it says something about them, their chosen lifestyle, or the circles they move around in. What it does NOT, is have any bearing on the rest of the nation! So please, let's not get into provocative Scottish vs English battle - history is what it is - the PAST. And I certainly won't be accountable for what someone else did long before I was born or simply beacause I am also English. I am proud to be English, that is what I am. Now British -

HOUSE_OVERSIGHT_021710

is another matter. NO thanks.

- RJ, NW, 27/2/2011 16:12

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Andrew needs to be investigated and if found guilty of impropriety banished as Persona non Grata. He will lose his right as fourth in line to the throne and all the benefits that come with that, including his extravagant and worthless lifestyle being funded by public money.

- Julia Larsen, London UK, 27/2/2011 16:09

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Why do we find the lives of these people? REPUBLIC NOW!

- Newell Fisher, Lancing West Sussex, 27/2/2011 15:42

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I was truly disgusted having read this article. Although sadly not surprised, I wonder why people idolize any kind of celebrity or other such "influential" people, most of whom seem to surround themselves with depraved "friends" & whom can turn a blind eye to anything where status, fame & wealth are concerned (seemingly typical of our "anything goes" society where everything is justifiable). That aside, I am more disgusted that out of the 24 comments on this article so far, people are either talking about what a pretty piece of tot she is, how she should have basically kept her mouth shut, how we can't be judged by the actions of our friends, whether the royal family has any validity (as if it ever had a clean past), & most astonishingly arguments about whether Fergie has more right to a royal wedding invite than Andrew! Absolutely disgusting, looking forward to further comments on her weight, whether she looks good for her age, & scrutiny over whether she's had any work done soon.

- Fiona, Stop the world I wanna get off, 27/2/2011 14:55

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- 120 suspected British paedophiles arrested after police smash biggest worldwide ring
- 60 police officers in 30-hour siege to round up two dangerous dogs
- Thug rapes 30-year-old virgin on town centre pavement in full view of passing motorists
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- Tchenguiz brothers win right to bring £1bn lawsuit against failed Icelandic bank
- One in three women retiring this year will be forced to survive on basic State pension
- Wootton Bassett to be given 'Royal' prefix
- Boy who suffered severe brain damage after birth receives £7m
- Married police officer howls in anguish as he's jailed for having sex on the beat
- Two men shot dead after violence erupts in caravan park
- CIA agent charged with murder in Pakistan is freed after U.S. pays family 'blood money'
- Retreat to Benghazi: Gaddafi threatens to crush 'Mad Max' rebel army as it flees to last stronghold

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- Protester shot point blank in the head as five are killed in violent clashes in Bahrain
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- Thornton's worker, 25, murdered in woodland
- One in three NHS workers would NOT recommend their own hospital for treatment
- Baby girl who didn't breathe for 17 minutes escapes brain damage after doctors put her in a 'fridge' for three days
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- Sex with 33 women in two months? 'That's too many, even for me,' says Berlusconi
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- The million-pound mutt: Red Tibetan Mastiff becomes world's most expensive dog
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- Does it really take 60 police officers (including a lion vet) 30 hours to round up two dangerous dogs?
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- Thorntons worker, 25, found murdered in woodland three days after vanishing on way home
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Prostitution Ring Leader Sentenced To 21 Months

November 11, 2001 | Staff report

A man extradited from Germany has been sentenced to 21 months in prison and fined $6,000 for recruiting Czech women to a prostitution ring with promises of modeling work.

Ronald Eppinger had faced up to 10 years after pleading guilty this month to charges of alien smuggling for prostitution, interstate travel for prostitution and money laundering.

Eppinger worked with two Czech women to get tourist visas for the future prostitutes and kept nearly half of their earnings from operations in Miami, New York, Texas and the Bahamas, prosecutors said. Women were brought to the United States illegally from 1997 to 1999.

As part of his plea, Eppinger forfeited a boat and limousine used to promote the call-girl service.

Eppinger learned he was under investigation in June 1999 and moved from the United States to the Czech capital of Prague.

He was arrested in Germany last December while traveling from the Czech Republic to Spain and was sent to the United States in May.

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Two accomplices, Lucie Faubert and Tereza Benesova, pleaded guilty earlier to alien smuggling conspiracy. They also received part of the prostitution fees.

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Sides argue whether Jeffrey Epstein's nonprosecution deal violated alleged victims' rights

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By **DAVID ROGERS**
DAILY NEWS STAFF WRITER

Updated: 7:57 p.m. Friday, Aug. 12, 2011
Posted: 7:14 p.m. Friday, Aug. 12, 2011

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U.S. District Judge Kenneth Marra is set to decide in the coming days whether the rights of two alleged victims of Palm Beach sex offender Jeffrey Epstein were violated when the U.S. Attorney's Office failed to confer with them before signing a non-prosecution agreement in September 2007.

Attorneys Brad Edwards and Paul Cassell, representing Jane Doe No. 1 and Jane Doe No. 2, argued Friday in federal court in West Palm Beach that the government's action violated the girls' rights under the federal Crime Victims' Rights Act.

Edwards and Cassell want the agreement nullified and want Marra to unseal un-redacted plea deal correspondence between the U.S. Attorney's Office and Epstein's defense team. If he agrees, that action could spur a federal case that might expose Epstein to a longer incarceration if convicted.

After Palm Beach police received a complaint about Epstein in spring 2005, more than 30 young women participated in civil lawsuits that alleged he lured them to his home for sexually charged rubdowns and/or sex in exchange for cash when they were minors. Some cases were dismissed, and others were settled.

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Epstein, now 58, pleaded not guilty in August 2006 in state court. Eventually he agreed to a state plea deal and served 13 months of an 18-month sentence for soliciting a minor for prostitution and soliciting prostitution — but only after his attorneys successfully argued for the federal non-prosecution pact.

The U.S. attorneys sent letters to Jane Doe No. 1 and No. 2 twice in 2008 describing their case as being under federal investigation — even though a non-prosecution agreement had been created the previous year and had been kept secret from the young women, according to Edwards. Edwards said the latter action "eviscerated the rights" of the two women to bring Epstein to justice.

Assistant U.S. Attorney Dexter Lee told Marra that the Crime Victims' Rights Act dictates that victim notification is triggered only after an indictment.

Cassell disagreed. "It wasn't designed to be so narrowly circumscribed," the Fort Lauderdale lawyer said.

Lee said requiring federal attorneys to confer with alleged victims before they can determine whether an indictment is warranted would impinge on prosecutorial discretion. "The government believes these rights would attach only after a formal indictment," Lee said.

Marra questioned that assertion. "I think we wouldn't be here if your office had conferred with the victims, heard them out," and explained why prosecution wasn't pursued, the judge said.

Lee countered that alleged victims have no right to confer with the government when the government is not "in the case."

The judge reserved ruling on the plaintiffs' motion to unseal the federal attorneys' plea deal correspondence with Epstein's legal team.

He gave famed criminal defense attorney Roy Black two weeks to submit materials explaining why the letters should not be turned over to the two young women's lawyers. The U.S. Attorney's Office will then have two weeks to respond, then the plaintiffs' team will have a week to respond. Black will then have a week to deliver his final reply to the judge.

Black had argued that the correspondence was protected by attorney -client privilege. "Any statements made in regard to plea bargaining are immunized" whether related to statements of culpability or not, Black said. "This is classic work product we sent to the government."

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The Virgin Islands

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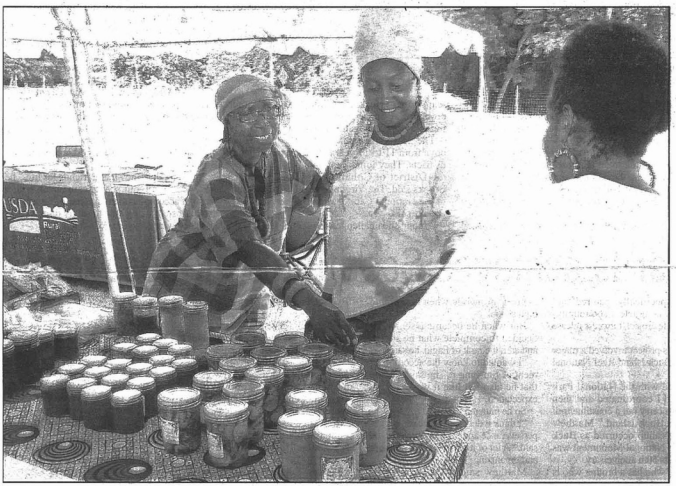

Daily News Photo by JASON BRONIS

Vendors display their products during the first Virgin Fresh Value Added Market Day on Saturday at Rudolph Shulterbrandt Agriculture Complex on St. Croix. The event showcased vendors who use locally grown food in their products. Page 5

Havensight merchants warn 30% are on brink

Longer slow season, construction, competition hurting stores

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Scouts return from national Jamboree

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For Eagle, quitting was not an option

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Matthew Edwards

$53 million jewelry heist

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Vietnam war hero Col. Bud Day dies at 88

Was McCain's cellmate Page 27

Umpire, owner and player inducted into Cooperstown hall

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3 million hear pope in Rio

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Scouts represent V.I. at national Jamboree

By JOY BLACKBURN
Daily News Staff

ST. CROIX — Some 25 local Boy Scouts, fresh from the National Scout Jamboree, arrived at St. Croix's Rohlsen Airport Friday afternoon.

"Our scouts, they participated. They made friends. We had a good time," said Chris Brooks, the scoutmaster for the contingent that went to the jamboree. "Where there were challenges to be met, we met them head-on."

The 10-day National Scout Jamboree, which the Boy Scouts of America typically holds every four years, draws tens of thousands of scouts, volunteers, and staff from all over the country.

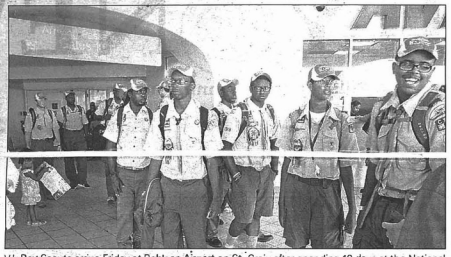
This was the first year the jamboree was held at the new Summit Bechtel Family National Scout Reserve in West Virginia's New River Gorge area, which will now be the permanent home for the national jamboree. The reserve encompasses 10,600 acres.

"Mostly it was good," Philip Edwards, 16, the senior patrol leader for the Virgin Islands group, said of the experience.

Edwards said a number of storms and some lightening cancelled a few activities, including some zip line adventures the group had scheduled — but he described it as a "great trip" that scouts enjoyed anyway.

"I think they learned how to deal with disappointment," he said.

Marcus Norkaitis, 14 and a patrol leader, said it was his first national jamboree.



V.I. Boy Scouts arrive Friday at Rohlsen Airport on St. Croix after spending 10 days at the National Scout Jamboree in West Virginia.

"I think it was a very productive jamboree. It was a wonderful experience," he said. "It was a historical experience."

Norkaitis said it was historical because it was the first national jamboree at the new reserve. For years, the national jamboree liad been held at Fort A.P. Hill in Virginia.

The group also learned to work together, he said.

"It was really cool because we all learned teamwork," Norkaitis said. "We had some problems at first, but then we got more comfortable working together, working as a team."

The 25 scouts from the territory included boys from 11 to 17 years old from both island districts. They joined up with 10 scouts from the District of Columbia for the jamboree, Brooks said. The Virgin Islands District is part of the National Capitol Area Council in D.C., Brooks said.

Among the challenges the scouts faced was getting up on time daily, getting their meals prepared, and cleaning up. The hot, humid weather in West Virginia was also a challenge, as was the size of the new site for the jamboree, according to Brooks.

> "It was really cool because we all learned teamwork. We had some problems at first, but then we got more comfortable working together, working as a team."
> — Marcus Norkaitis, 14, patrol leader

The new reserve is so large, the group sometimes had to walk for more than an hour to get to an activity, he said.

Because the 35 scouts who were part of the group included scouts from St. Thomas, St. Croix and Washington, D.C., who did not necessarily know each other, one of the challenges was getting them to work together, Brooks said.

Making the scouts from different areas into a cohesive group that worked well together was one of the major challenges, according to Brooks.

"In doing that, they made friends for life," he said. "All in all, our scouts came back with a sense of accomplishment, a sense of friendship, and a sense of being able to safely do whatever task they were asked to do."

Matthew Edwards achieves Scouting's highest rank

By JOY BLACKBURN
Daily News Staff

ST. CROIX — Local Boy Scout Matthew Edwards recently earned the highest advancement award the Boy Scouts of America offer, becoming an Eagle Scout.

"We're delighted. We are very proud of him," said Dale Edwards, Matthew's father, on Friday as he and Matthew's mother, Lori Dale Edwards, waited for other sons to return from the National Scout Jamboree. "He worked very hard for it."

Only 4 percent of all Boy Scouts become Eagle Scouts, according to a press release about Matthew attaining the Eagle rank.

To become an Eagle Scout, a candidate has to earn 21 merit badges, 11 of which are specifically required, and successfully complete a community-related service project, the press release said.

Matthew's project involved a major cleanup at Buck Island Reef National Monument.

"I worked with the National Park Service and I coordinated and then helped them carry out a coastline/trail cleanup on Buck Island," Matthew said. The cleanup occurred as Buck Island Reef National Monument was celebrating its 50th anniversary.

Matthew, who has a brother who is already an Eagle Scout and two other brothers who are working toward attaining the Eagle rank, said he has been involved in scouting since he was little, and he assumed he would become an Eagle Scout — although he lost interest for awhile when he got into high school.

But when he became a senior, he decided to complete what he started and earn the rank of Eagle, he said.

"I wanted to know the accomplishment of finishing it," he said, adding that he also felt like it was a family expectation.

So he plunged back into it.

"I think it definitely gave me a lot of perseverance and pushing through," he said. "A lot of it was a lot of paperwork and organizing."

Matthew said that becoming an Eagle Scout required diligence and dedication — but it was worth it.

His advice for others who would like to become Eagle Scouts?

"Just not to give up because it's worth it once you've done it," he said. "To be willing to put yourself out there, do something you're not comfortable doing, it's fulfilling."

Matthew is home-schooled and his immediate plan after graduation is to participate in a five-month discipleship training school with a focus on worship and music, through Youth With a Mission, according to the press release.

He will be recognized as an Eagle Scout in a ceremony at 6:30 p.m. Friday at the Howard M. Wall Scout Camp.

Matthew Edwards is the 11th scout to become an Eagle Scout in Troop 227, which was chartered by Country Day School.

— Contact reporter Joy Blackburn at 714-9145 or email jblackburn@dailynews.vi.

Matthew Edwards

ISSN 2159-3019
Daily News Publishing Company Inc. owned by Nina Shamrock Communications ... publishes The Virgin Islands Daily News daily, except Sunday, Christmas Day and New Year's Day, at 9155 Estate Thomas, Charlotte Amalie, St. Thomas, VI 00802. First class postage paid at Charlotte Amalie, St. Thomas, U.S.V.I.

USPS 144-180

POSTMASTER, send Form 3579. Notice of Address Change, to: Circulation Director, Daily News, 9155 Estate Thomas, St. Thomas, VI 00802.

The Virgin Islands DAILY NEWS
A Pulitzer Prize-winning newspaper
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Circulation
714-9101

SUBSCRIPTION RATES: One dollar daily. Other subscription rates available on request. The publisher reserves the right to change subscription rates during the term of a subscription with 30 days notice. The notice may be made by mail to the subscriber, by notice contained in the newspaper itself or otherwise. Subscription changes may be implemented by changing the duration of the subscription.

Printed on recycled paper

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Struggling Havensight merchants see rent-abatement as last chance for them to resuscitate their businesses

By AMANDA NORRIS
Daily News Staff

ST. THOMAS — For merchants at Havensight mall, it's summer time, but the living is anything but easy.

After being granted six months of free rent by the mall's owner, the Government Employees Retirement System, many said this has been the worst off-season they have experienced.

They cited a perfect storm of prolonged road construction in front of the mall, fewer cruise ships docking in St. Thomas Harbor, competition from Crown Bay merchants and skyrocketing utility costs.

When the GERS board voted to relieve the tenants of rent obligations from July 1 to Dec. 31, they did so because tenants had accumulated a delinquency of more than $2 million and reported that they could no longer sustain the cost of doing business. The board discussed the closure of Dockside Bookshop, which has announced that it will close within the next two weeks after 35 years in business.

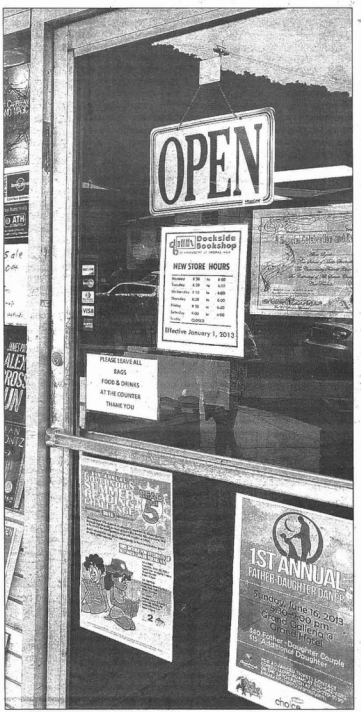
GERS Administrator Austin Nibbs presented the board with two options: forego rent for six months altogether with the stipulation that tenants pay all arrearages by April 1 or give tenants a 25 percent reduction in rent over the next 24 months. The board decided the six month abatement, which would cost GERS a little more than $3 million, would be the most feasible way to give tenants a chance to pay the $2 million in back rent owed.

"I don't like this rent abatement, but if we want to continue to have tenants, we are going to have to help them," Nibbs said.

At the meeting, some board members were under the impression that another Havensight business, an office supply store called The Draughting Shaft, was also scheduled to close, but, according to The Draughting Shaft owner, Terry Robinson, that was never the case.

Nevertheless, Robinson said, he has had discussions with GERS board members and attended meetings to inform them of the adverse conditions that had caused him to fall behind in his rent.

Robinson said his business, unlike many of the boutiques and stores that cater primarily to tourists, had been unduly hit by prolonged construction, with orange barricades diverting traffic into and out of the mall's parking lots.



Daily News File Photo

Dockside Bookshop in Havensight Mall is scheduled to close within the next two weeks after 35 years in business.

"Many of our customers are locals and residents, and many have called and said they just don't want to come in because they don't want to deal with, it," Robinson said of the construction.

Robinson is among a number of long-time Havensight merchants who say they have been in business for decades but never had to weather anything quite like the last six months.

"I remember in the 80s the slow season was only three months, now it is a full six months," Ram Mirpuri, president of the Havensight Merchants Association said. Mirpuri's son, Minoj Mirpuri, owns Bliss Jewelers.

Ram Mirpuri said he hoped the six-month abatement would be the "springboard" Havensight merchants need to recover. If not, about 30 percent of the association's membership had reported that they would go under this year or the next, he said.

Daily News File Photo

Havensight Mall merchants say because of the ongoing Long Bay road project, rising V.I. Water and Power Authority bills and other issues that they have had their worst off-season ever. The Government Employees Retirement System, the mall's owner, has granted the merchants six months of free rent to help them repay $2 million in overdue rent.

> **We were almost closing down. There was no way we could survive. We are extremely grateful for the abatement. It will be a big help.**
>
> — Sonny Panjabi, jewelry store owner

"The mall has been hurting since Crown Bay opened. We lost about 500,000 passengers because of that," Mirpuri said. He added that the larger Carnival cruise ships, the Oasis of the Seas and the Allure of the Seas, dock at Crown Bay, where the harbor can support them.

Projections are that, with more cruise ships scheduled through 2014, businesses on the brink of closure might be able to use the abatement to get through to a breakthrough season in the winter of 2014, Mirpuri said.

Other merchants said their WAPA bills had tripled or quadrupled since they opened, leaving them to wonder if an abatement would be enough to counter the rising rates.

"WAPA is killing us," Sonny Panjabi, owner of the Casa Blanca jewelry store, said. Utility bills total $3,000 during the busy season, and $2,000 during the slow season, when hours of operation are cut back, he said.

"We were almost closing down. There was no way we could survive. We are extremely grateful for the abatement. It will be a big help," he said.

Since the recession hit, travelers "seem to spend all their money on the trip itself, and they come with less disposable income," according to Jerry Woodhouse, president of St. John's Bay Rum, a fragrance company that supplies other Havensight stores and has offices behind the mall.

Woodhouse also said that in the last decade hotels, which used to provide transportation to shopping districts, have shifted to providing as many amenities as possible to guests and have limited the excursions to beaches rather than shopping districts.

"They want to grab as much revenue as possible per customer while they are staying at the hotel," Woodhouse said.

— Contact Amanda Norris at 714-9104 or email anorris@dailynews.vi.

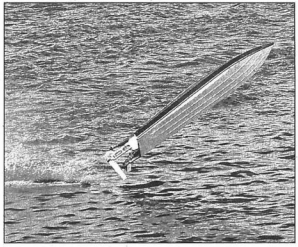
Tiny boats, big speeds

A driver uses a controller to navigate the Bethlehem Pond course.

Daily News Photos by JASON BROWNS

A racer launches his radio-controlled boat off a dock at Bethlehem Pond during RC boat races Saturday on St. Croix. The boats sped around the pond at speeds upwards of 50 mph during two days of racing.

Radio-controlled boats race around the course on Saturday.



A radio-controlled boat goes airborne before flipping over.

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V.I. government agencies defend budget requests

By AMANDA NORRIS
Daily News Staff

ST. THOMAS — Last week, the Senate Finance Committee heard testimony on fiscal year 2014 budgets from the Bureau of Motor Vehicles, the Public Services Commission and the V.I. Economic Development Authority.

Bureau of Motor Vehicles

Bureau of Motor Vehicles Director Jerris Browne defended a General Fund appropriation of $1,642,010 as sufficient to meet the bureau's needs. The request is a 5 percent decrease, or $86,422, less than the 2013 appropriation.

Eighty-eight percent will go toward personnel services and fringe benefits, and the budget will be supplemented by a projected income of $1 million from the bureau's revolving funds and another $643,854 from the personalized license plate fund, for a total operating budget of $3,285,864.

To meet fiscal constraints imposed by the governor's 5 percent cuts to most departments to balance the fiscal 2013 budget, the bureau eliminated two General Fund positions: an executive assistant and motor vehicle inspector, according to Browne's testimony.

The fiscal 2014 operating budget contains money for 52 positions, and to further meet fiscal obligations, the bureau intends to leave unfilled two more General Fund positions, according to Browne's testimony.

A critical hiring plan leaves room for five vacant positions to be filled, however, Browne testified.

The bureau's accomplishments for fiscal 2013 include: completing a REAL ID card concept design which allow for forensic analysis and provides specialized identifications to government employees; integratting facial recognition software, providing 24 hour access to the BMV database for law enforcement, installing additional security cameras and completing two grant packages for Division of Highway Safety awards totalling $730,000 to be used to fund the motorcycle safety education program and to accommodate online vehicle registration.

Public Services Commission

Public Services Commission Executive Director Keithley Joseph testified that it is the commission's mission's goal to move from being a "government organization that is reactive to a proactive public policy making agency with results-based management."

The Public Services Commission is primarily funded through assessments levied on the utilities it regulates.

Joseph testified that the fiscal 2014 budget request from the V.I. government for the commission would be $1,620,740. This represents an increase of $57,373, or 3.54 percent, from its fiscal 2013 revenue assessment of $1,563,367. Pursuant to Virgin Islands Code establishing the commission and stipulating that it be 100 percent funded by fees levied to the utilities it regulates, the commission's budget request reflects what it needs to maintain operations while it collects outstanding assessment from communications, water and electric, and public transportation companies, Joseph said.

The commission's uncollected revenues from fiscal 2013 are $384,630, according to Joseph's testimony.

It is anticipated that in fiscal 2014, the commission will collect a total of $1,620,739 from the V.I. Water and Power Authority; VITELCO, Innovative Cable, Varlack Ventures, Transportation Services and the V.I. Waste Management Authority, according to testimony.

A total of $1,081,113 will go toward "personal services and fringes," according to testimony.

V.I. Economic Development Authority

V.I. Economic Development Authority Chief Executive Officer Percival Clouden requested a General Fund appropriation of $5,043,274. This amount represents an increase of $325,574, or 6.9 percent over the fiscal 2013 appropriation.

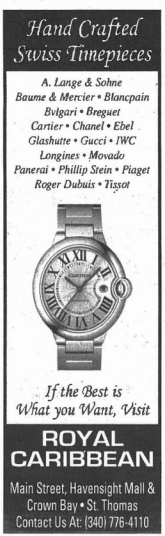
According to Clouden, the additional money is needed to match federal funds for a small business incubator program, to institute a more aggressive marketing strategy for the Economic Development Commission's tax incentive program and to enhance computer data analysis programs for the Economic Development Commission and the lending divisions, according to Clouden's testimony.

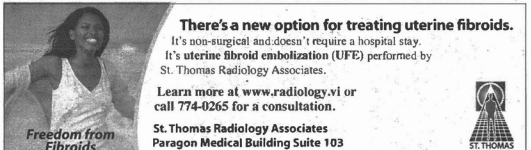
During fiscal 2013, the authority received $2 million in grants from the United States Department of Commerce Economic Development Administration to assist small and mid-size businesses in the territory. The authority also relocated its offices on St. Thomas, realizing a 20 percent savings rental costs, 48 percent in utilities and 15 percent in other related expenses, Clouden said.

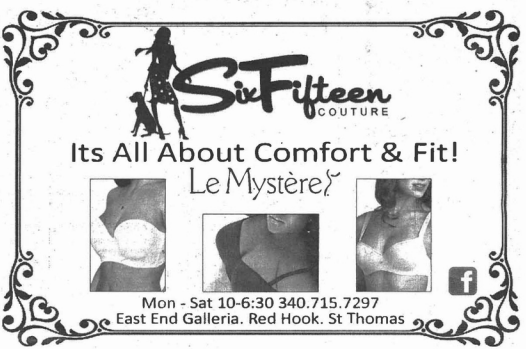
Also during fiscal 2013, the authority realized a 4 percent increase in collections and saw a 37 percent decrease in the number of delinquent borrowers due to enhanced litigation efforts, Clouden said.

To date, the authority has approved $692,606 in new 2013 loans and collected $842,224 in outstanding accounts. The number of delinquent borrowers stands at 242, for a total of $7,470,534, according to Clouden's testimony.

— Contact Amanda Norris at 714-9104 or email anorris@dailynews.vi.







HOVENSA cuts price for regular by 4 cents

Daily News Staff

ST. CROIX — After two weeks of significant increases in wholesale gasoline prices in the territory, some of the prices slipped slightly downward today as HOVENSA adjusted its rack rates.

The changes lowered the rack rates — the price of fuel purchased wholesale at the HOVENSA truck-loading station on St. Croix — for regular gasoline by 4 cents per gallon and for premium gasoline by a penny per gallon, while diesel fuel increased by 4 cents per gallon.

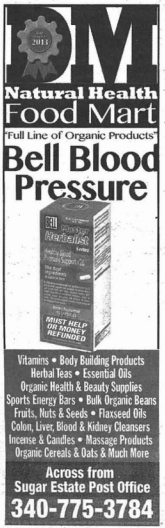
Under today's adjustments, independent gas station operators in the territory now are paying $3.45 per gallon for regular gasoline, $3.79 per gallon for premium gasoline, and $3.57 per gallon for diesel fuel when they buy their fuel wholesale at HOVENSA. Those prices include the 14-cents-per-gallon tax that the refinery collects for the government.

Independent gas station operators in the territory now are paying $3.45 per gallon for regular gasoline

The rack rates influence retail gasoline prices in the territory because independent gas station operators can buy their gasoline at the loading station, then resell it to their customers. The new rates are effective through Sunday.

On the retail side, average retail gasoline prices in the U.S. on Thursday were also slightly down from a week ago, according to the American Automobile Association.

The average retail gasoline price in the U.S. on Thursday was $3.648 per gallon for regular, $3.976 per gallon for premium, and $3.883 per gallon for diesel fuel, according to AAA.



Made and grown in the V.I.

Daily News Photos by JASON BROWN

Shoppers browse vendors' tables during the first Virgin Fresh Value Added Market Day on Saturday at the Rudolph Shulterbrandt Agriculture Complex on St. Croix. The event showcased vendors who use locally grown food to produce processed or packaged items. Items for sale included jams, jellies, hot sauce, dressings, seasonings, fruit juices, smoothies and mead wine.

Foods made with local mangoes are displayed.

Medicaid reimbursements to increase

Daily News Staff

ST. CROIX — The V.I. Human Services Department on Friday released a notice of intent to amend the V.I. Medicaid State Plan concerning the reimbursement of enrolled physicians.

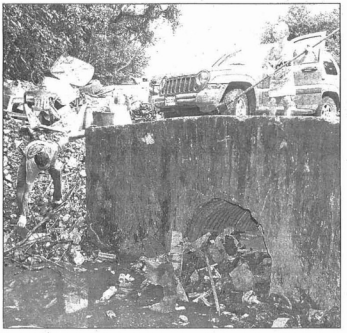
The statement indicates that Medicaid reimbursement in the territory may be increasing.

For services provided in the territory, "upon approval by the Centers for Medicare and Medicaid Services with a target effective date of Aug. 1, 2013, physicians in private practice enrolled as V.I. Medicaid Program enrolled providers will be eligible to receive reimbursement from the U.S. Virgin Islands Medicaid program for both inpatient and outpatient services" at 100 percent of the V.I. Medicare allowable rate, the release states.

"All such services must be authorized from the department or its agents," the release said.

For physician services provided outside the territory, the V.I. Medicaid Program will reimburse physicians enrolled in the V.I. Medicaid Program for both inpatient and outpatient services at the Medicare rate in the state where the service was rendered, according to the release.

CORE spruces up Caret Bay area



The CORE Foundation collected several bags full of trash Saturday near the Caret Bay dumpsite on St. Thomas. Furniture, household appliances, tires and an assorted list of other discarded items were gathered and deposited into the dump. CORE president John Rubattino, board members Jason Quetel, Kitty Edwards and Edythe Dirks, and a number of volunteers, including youngster Kendrick Dietsch, participated in the cleanup.

Daily News Photos by DENÁ FISHER

Cruise Ships

Today, July 29		
Carnival Valor (2,974)	9 a.m. to 6 p.m.	Havensight
Tuesday, July 30		
Oasis of the Seas (5,400)	9 a.m. to 6 p.m.	Crown Bay
Wednesday, July 31		
Carnival Dream (3,646)	7 a.m. to 3 p.m.	Havensight
Freedom of the Seas (3,600)	noon to 7 p.m.	Havensight
Disney Fantasy (4,000)	6:45 a.m. to 4:15 p.m.	Havensight
Thursday-Saturday, August 1-3		
No ships		
Sunday, August 4		
Jewel of the Seas (2,500)	8 a.m. to 5 p.m.	Havensight
Monday, August 5		
Carnival Valor (2,974)	9 a.m. to 6 p.m.	Havensight

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Authorities targeting unregistered sex offenders

By JENNY KANE
Daily News Staff

ST. THOMAS — Although a sweep for unregistered sex offenders netted nine unregistered offenders in recent weeks, an unknown number still remain at large in the territory.

The Virgin Islands Department of Justice paired with local police and U.S. marshals to sweep the islands for unregistered sex offenders last week, primarily targeting ones that have been convicted within the Virgin Islands. All but two local unregistered offenders last week were arrested and charged with failing to register.

Local police and U.S. Marshals initially arrested five unregistered offenders on St. Croix and three on St. Thomas in just seven days, and then arrested another at the very end of last week on St. Thomas — bringing the total to nine.

The department, however, has little way of knowing how many unregistered offenders are here from other jurisdictions. Within the territory, offenders are required to register annually, though offenders sometimes come to the islands without notifying their jurisdiction of their move.

"They are supposed to notify someone," said Virgin Islands Attorney General Vincent Frazer. "We go out and look for them, but someone has to notify us."

The sweep last week was the second "Operation Island Sweep" in the territory, Frazer said.

Currently, 55 sex offenders are registered between St. Thomas and St. John, and 42 sex offenders are registered on St. Croix.

Sex offenders are obligated to register in whatever community they reside in under federal law and territorial law, so as to make communities aware of where offenders live.

The department encouraged community members to visit usvi.nsopw.gov to access the registry and view the list of sex offenders in the Virgin Islands.

The department also asked that anyone knowing the whereabouts of an unregistered sex offender to contact it at **774-5666** on St. Thomas or **773-0295** on St. Croix and provide information to one of the Sex Offender Registry coordinators.

— Contact reporter Jenny Kane at 714-9102 or email jkane@dailynews.vi.

♦ Funeral Schedule ♦

Name	Date of death	Service	Arrangements
St. Thomas			
Ovalda Millin Andre	July 18, 2013	Pending	Davis
Cyril Belleau		Pending	Davis
Robert Evans Sr.	June 15, 2013	Pending	John Thomas
Robert E. Francis	July 18, 2013	Aug. 10	Davis
Sylvanie Gilbert	July 3, 2013	Pending	Turnbull's
Jean A. Hatchett	July 25, 2013	Pending	John Thomas
Samuel A. Henry	July 15, 2013	Pending	Turnbull's
Bernard O. Lake	July 18, 2013	Pending	Davis
Daniel LaPlace	July 13, 2013	Pending	John Thomas
Winthrop Gregory Lewis	July 24, 2013	Pending	Davis
Elizabeth Marshall	July 20, 2013	Pending	Turnbull's
Lillian Agatha Matthew	July 20, 2013	Pending	Turnbull's
Lucia L. Francis Mulraine	July 23, 2013	Pending	Davis
Cornelius Powell Sr.	July 22, 2013	Pending	Turnbull's
Francis Howard Pratt	July 17, 2013	Pending	John Thomas
Craig Lester Schneider	July 22, 2013	Today	Golden Gate
Elma Vanterpool	July 20, 2013	Pending	Turnbull's

Senate Agenda

Today

No meetings.

Tuesday

The Culture, Historic Preservation, Youth and Recreation Committee will meet at 10 a.m. in Ottley Legislative Hall on St. Thomas to hear bills on:

- Making the queen conch shell the official shell of the Virgin Islands.
- Authorizing the Department of Sports, Parks and Recreation to develop a master plan for creating a public park and recreational area at Altona Lagoon on St. Croix.
- Redefining the use of the Enid M. Baa Library and Archives Building.
- Naming the archives division of the Charles Wesley Turnbull Regional Library the "June Lindquist Archives Division."
- Conducting a feasibility student to establish a festival and cultural park on St. Thomas.

Wednesday

No meetings.

Thursday

The Student Public Health Forum will be held from 10:30 a.m. to noon in Ottley Legislative Hall on St. Thomas.

Police Reports

The police blotter is the V.I. Terretorial Emergency Management Agency's list of incidents and the time they were reported to police.

St. Croix

Incidents in the police blotter over the weekend included:

Assault — 6:39 p.m. Friday, Strawberry; 3:01 p.m. Saturday, Queen Street, Christiansted; 3:23 p.m. Saturday, Prince Streetm Frederiksted; 12:03 a.m. Sunday, La Reine; 2:38 p.m. Sunday, Mars Hill; 6:17 p.m. Sunday, no location given.

Burglary —3:43 p.m. Sunday, Hannah's Rest.

Fighting — 9:01 p.m. Friday; Harbour View Housing Community; 5:57 p.m. Saturday, Union and Mt. Washington; 7:55 p.m. Saturday, Mars Hill; 11:31 a.m. Sunday, Peters Rest; 11:57 a.m. Sunday, Welcome; 4:37 p.m. Sunday, Plessen; 6:18 p.m. Sunday, Frederiksted.

Larceny — 9:47 a.m. Saturday, Lower Love; 2:19 p.m. Saturday, Christiansted; 6:19 p.m. Sunday, Diamond Ruby.

Outside fire — 8:34 p.m. Friday, La Grange; 9:15 a.m. Sunday, Marys Fancy; 4:20 p.m. Sunday, New Street, Frederiksted.

Reckless Endangerment — 6:42 a.m. Sunday, Mutual Homes.

Robbery —5:14 p.m. Sunday, Yellow Cedar.

Weapons — 8:09 p.m. Friday, La Grange; 10:46 p.m. Friday, Mutual Homes Housing Community; 11:34 p.m. Friday, Profit; 4:39 p.m. Saturday Harbourview Housing Community; 5:40 p.m. Prince Street, Frederiksted; 9:16 p.m. Saturday, Bellvue; 4:26 a.m. Sunday, Castle Coakley; 6:14 a.m. Sunday, Mountain; 5:57 a.m. Sunday, Luis Hospital.

St. Thomas

Incidents in the police blotter over the weekend included:

Assault — 10:10 p.m. Friday, Hull Bay; 10:21 p.m. Friday, Bordeaux; 1:40 p.m. Saturday, no location given.

Burglary — 6:38 p.m. Friday, Nadir; 7:06 p.m. Friday, Frenchtown; 9:16 a.m. Saturday, Charlotte Amalie; 4:29 p.m. Saturday, Altona.

Indecency — 4:06 p.m. Saturday, Red Hook.

Larceny — 1:18 p.m. Saturday, Frenchman's Bay; 1:32 p.m. Solberg; 3:58 p.m. Saturday, Altona; 11:42 a.m. Sunday, no location given.

Robbery — 9:58 a.m. Sunday, no location given.

Runaway — 8:32 a.m. Sunday, Lucinda Millin Home.

Vehicle fire — 9:52 p.m. Friday, Black Point Hill; 2:39 p.m. Sunday, Estate Frydendahl.

Watercraft in distress — 7:15 p.m. Sunday, Magens Bay Beach.

St. John

Incidents in the police blotter over the weekend included:

Runaway — 5:04 p.m. Sunday, Westin Resort.

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What a city owes its residents

Michelle Wilde Anderson

Though it is the biggest city in U.S. history to file for bankruptcy, Detroit is only one of 26 urban municipalities that have gone into bankruptcy or state receivership for fiscal insolvency since 2008. Detroit should draw attention and debate to a challenging issue underlying all these public insolvencies: What level of public services will we protect and guarantee for U.S. cities?

The Bankruptcy Court will have to face that question. It will have to determine whether Detroit can cut into current services any more than it already has. Unless the state or federal government steps in with funds for operating costs, the bankruptcy will function as a zero-sum game, with residents fighting creditors for a share of city revenue. Creditors have contracts to monetize what they are seeking, but how should the court determine the public spending that residents need today and tomorrow?

Politicians and judges who manage local fiscal crises speak of maintaining basic services and ensuring residents' minimal health and safety, but these concepts are short on specifics. While our laws provide an entitlement to a public education, and we have long struggled to interpret what constitutes a legally adequate education, there is little to nothing that would tell us what other services the local public sector must provide.

As a matter of law, there is no such thing as a crime rate that is too high or an ambulance response time that is too long. Should there be?

For now, it is left to politics and moral judgment to determine whether it is acceptable that less than one in three streetlights are operational in Detroit or that the city has 80,000 abandoned and blighted structures that it cannot afford to demolish. In Detroit, as in many other struggling cities, dramatic police layoffs mean that the average wait time after a 911 call for a police officer is 58 minutes, and a resident can rarely summon an officer at all if the reported crime is not in progress and violent.

As for other public functions that a high-poverty city (especially one with severe winters) might hope to have — such as reliable bus service, playground equipment, indoor basketball courts, after-school programs, active libraries and community centers for the elderly — these services are decades into deep cuts and widespread closures. Indeed, having curtailed everything beyond emergency services, it would be tempting to refer to a government like Detroit's as a night-watchman state — the libertarian ideal of a government focused only on public safety.

That is, we'd be tempted to use such a term for Detroit, and cities like it, were it not such a cruel irony: Detroit had more than 15,200 violent crimes and 500 acts of arson in 2012. The night watchmen are understaffed and underpaid. According to a 2012 study by economists Aaron Chalfin and Justin McCrary, public spending in Detroit on each police officer (including all wages, benefits and retirement costs) is less than two-thirds what it is just 45 miles away in the prosperous university town of Ann Arbor.

As a political and moral matter, as much as a legal one, Detroit represents an opportunity to take a stand for urban habitability. What belongs on our list of minimum standards for a city? Detroit invites us to have a public conversation about what services and public spaces we expect from city governments for human dignity and for humans to flourish. We have a chance to say that no one should have to wait hopelessly for an ambulance, that a violent crime in a neighborhood every few hours is intolerable.

Paying for such commitments should not just be the burden of creditors. Many of the city's creditors are rank-and-file public employees and retirees who have counted on a public pension and are not eligible for Social Security. Detroit's bankruptcy plan could send them into poverty in their old age.

Basic services and safety in our cities are the responsibility of states, the federal government, the private sector and voters. It is all of them — all of us — who have a role to play in the stabilization that Detroit is seeking through bankruptcy. All of us have a responsibility to help them give basic health and safety real meaning, and to make this bankruptcy a safety net, not a punishment.

— Michelle Wilde Anderson is an assistant professor of law at UC Berkeley School of Law.

Mrs. Anthony Weiner is Hillary 2.1

Christine M. Flowers

I sat there watching the television screen as Anthony Weiner squirmed before the microphones for the second time in two years, and realized that this was a deja vu moment.

At first I thought it was because the former congressman and aspiring mayoral candidate was, once again, apologizing for tweeting and cheating without really meeting. And then I took one look at Weiner's wife and realized that this had absolutely nothing to do with the fellow.

Huma Abedin might have creamy olive skin, beautiful brown eyes and long dark hair, but you don't need to put her in a pantsuit and slap a headband on her tresses to realize that we are now in the presence of Hillary Clinton, version 2.1.

We all remember the pre-Senate, pre-State Department Hillary who inspired both awe and revulsion for her assault on the East Wing. Never before had we been treated to a first lady who so blatantly and brazenly sought equal status with the guy we'd actually elected.

Eleanor Roosevelt, her idol, had exercised a considerable amount of weight behind the scenes. But it wasn't until Franklin died that she really came into her own. Not so Mrs. Clinton, or, rather, Mrs. Rodham Clinton.

It was painfully obvious to anyone paying attention that Bill's wife was hell bent on giving us that two-for-one bargain that the couple had promised during the campaign. Say what you will about her, Hillary was a force to be reckoned with. And praised. And loathed. Even her most strident enemies didn't underestimate her survival instincts.

Health care? (If at first you don't succeed ... .) Whitewater? (Did anyone say rafting?) Vince Foster? (Personal tragedy, nothing more.) And then came the stream of women: Gennifer (no relation,) Paula (a genuine victim) and, of course, "A little bit of Monica."

Anyone who thought that Hillary was going to let the Bimbo Bombs destroy her carefully constructed plans clearly didn't know just who they were dealing with. Our first lady stood by her philandering man and rode the crest of a sympathetic wave into the Senate. Mrs. Wynette Goes To Washington, so to speak.

And who did she take with her on that long and fruitful journey, ever upward, ever more successfully? Why none other than Mrs. Weiner, the lovely, inscrutable Huma.

Hillary once said that she had one daughter, but that, if she had another it would be her beloved personal assistant.

Huma Abedin has been by her mentor's side for almost two decades, and it is reasonable to think that she spent a large part of that time taking notes about how to thrive and survive in the political jungle. Therefore, it is not surprising that she (I) chose to marry an animal indigenous to that environment i.e., a cheetah, and (2) figured out how to make sure that she could withstand whatever wounds he managed to inflict on their shared ambitions.

Anthony's wife has taken a page from her pseudo-mama's dog-eared book and has perfected the art of damage control.

First, you assume a posture of dignified disappointment, wherein your whole body seems to just "sigh" under the weight of the offensive conduct. It's a cross between an "I can't believe he did this to me" and a "boys will be boys, God bless their randy little hearts." Then, you gaze sadly at the perpetrator as he stares into the camera and apologizes for the second, third or 13th time for being a pervert with his privates. Then, you allow him to draw a line in the sand where he says he might be sorry but he won't go gentle into that good campaign and is continuing to seek the mayoral prize.

And then you spring into action. You straighten your shoulders, raise your pointed chin, allow a few wisps of that luxuriant velvet hair to fall across your delicately drawn cheek and assume a stoic pose. You love him, you say. You believe in him, you say. You forgive him, you say. You idiot, we say.

But you do not hear us speaking, because you do not care what the peanut gallery thinks. This is not about the crowds massed to watch this public shaming. This is not even about your husband who, truth be told, is probably sleeping in the garage these days, which is why he has both the time and the inclination to tweet.

This is about something far more important to you, perhaps almost as important as the future of the child you and the Tweeter have in common. This is about your political survival.

Huma Abedin learned at the feet of a master, someone who might very well parlay her experience as scorned wife into an office in the West Wing. Huma is a bit more modest, of course. Seems she'd be content to redecorate Gracie Mansion.

— Christine M. Flowers is a lawyer and columnist for the Philadelphia Daily News.

Luring elephants into big tent

William Hershey & John C. Green

Republican national chairman Reince C. Priebus could take a lesson from history in his efforts to herd his fellow elephants into a big tent. Nobody did a better job of coaxing feuding Republicans to cooperate than Ray C. Bliss, the Akron, Ohio, insurance man who chaired the national committee from 1965 to 1969. His success is worth remembering.

When Bliss became chairman in 1965, the Republicans were in much worse shape than in 2013: President Lyndon Johnson had won a landslide re-election over Arizona Sen. Barry Goldwater, and the Democrats held large majorities in both houses of Congress and the statehouses.

The party was deeply divided between "moderates," such as New York Gov. Nelson Rockefeller, and "conservatives," like Goldwater. The latter appeared to bless strident voices when he famously proclaimed: "Let me remind you that extremism in defense of liberty is no vice. And let me remind you also that moderation in pursuit of justice is no virtue."

Although best known as a "nuts-and-bolts" party mechanic, Bliss used a two-step approach to address these ideological rifts.

The first step was to challenge voices that made Republicans look extreme to voters. On Nov. 5, 1965, he issued n even-handed critique of "radicals" on the left and right, singling out a staunchly anti-communist firebrand Robert Welch:

"One of my major concerns in the matter of extremism of the radical right is that honest, patriotic and conscientious conservatives may be misjudged because of irresponsible radicals such as Robert Welch, who has accused President Eisenhower of being a 'dedicated, conscious agent of the Communist conspiracy.'"

"We've got to get this (party) in the middle of the road," Bliss explained, "Eisenhower and his people have taken enough."

There was a sharp backlash. One letter writer called Bliss "sneaky" and further:

"You recently asked all Republicans to get out of the strongest and most effective anti-Communist organization in the United States. I question your motives."

Bliss wasn't bothered by the criticism. "I don't have the fixation I have all the answers," he told reporters, "everything is compromise."

His second step was leading Republicans to common ground.

The means was the Republican Coordinating Committee. Its members were a cross-section of the party: Eisenhower and four former presidential candidates — Goldwater, Richard Nixon, Alfred Landon and Thomas Dewey — as well as governors, members of Congress, state legislators and party leaders.

Eisenhower was a key to the committee's work.

"He backed me up in the early d ys of my chairmanship," Bliss reported, "He had the respect of all factions."

The method was face-to-face dialogue.

"You don't say anything nasty, at least not publicly, about somebody you're going to dinner with tonight," Bliss said.

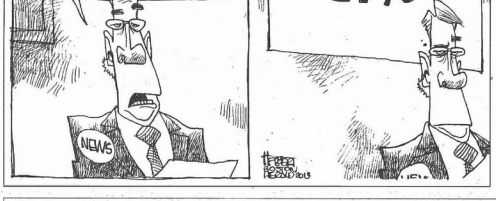
The committee eventually produced 48 policy proposals, offering an alternative to President Johnson's "Great Society" program.

In the end, Bliss got the results he wanted: the GOP made a huge comeback in the 1966 elections, and in 1968, it won back the White House.

Of course, 2013 is not 1965, Mitt Romney is no Barry Goldwater, nor is the party division identical. And the GOP may lack an Eisenhower to rally around.

Still, Chairman Priebus could take a lesson from Chairman Bliss' success in herding the elephants into a big tent.

— William Hershey is a former Knight-Ridder Washington correspondent and Columbus bureau chief for the Akron Beacon Journal and Dayton Daily News. John Green is director of the Bliss Institute of Applied Politics at the University of Akron.



Time to hard-delete Carlos Danger

Maureen Dowd

When you puzzle over why the elegant Huma Abedin is propping up the eel-like Anthony Weiner, you must remember one thing: Huma was raised in Saudi Arabia, where women are treated worse by men than anywhere else on the planet.

Comparatively speaking, the pol from Queens probably seems like a prince. Even though he's a punk. After he got caught sexting and flashing women online in 2011, he promised to "never, ever" do that to his family again and slouched away from Congress. He cyber-creeped other young women in a pervy bout of tweet du seigneur as his wife traveled the world with Hillary Clinton while she was secretary of state.

Yet, while married to the classy, gorgeous mother of his infant son and planning a redemptive run for mayor, he told a Facebook friend and phone-sex partner he had never met that he loved her. Then he told her to "hard-delete" all their correspondence — if that is what you call it.

Aside from his zany Zorro-like nom de porn, Carlos Danger, Weiner has been called many things. His digital girlfriend and fellow extreme exhibitionist, Sydney Leathers (whose nom de sounds like a nom de porn), said that Weiner described himself to her accurately as "an argumentative, perpetually horny middle-aged man."

But Weiner's Goya-esque grotesquerie earns him another name: the "Rosemary's Baby" of the Clintons.

Bill and Hillary Clinton transformed the way we look at sex scandals. They plowed through the ridicule, refused to slink away in shame like Gary Hart, said it was old news, and argued that if Hillary didn't object, why should voters?

Poppy Bush thought Americans would reject Bill Clinton in 1992 because of his lascivious ways, but he learned that voters are more concerned with how their own lives will be changed than they are with politicians' duplicitous private lives.

Americans keep moving the marker of acceptable behavior, partly as a reflection of the coarsening of society and partly as a public acknowledgment that many pols with complicated personal lives have been good public servants.

Now, defining deviancy downward, Señor and Señora Danger are using the Clinton playbook.

The difference is, there's nothing in Weiner's public life that is redeeming. In 12 years in Congress, he managed to get only one minor bill passed, on behalf of a donor, and he doesn't work well with people. He knows how to be loud on cable and wave his Zorro sword in our faces.

Some sex scandals, like Mark Sanford's, fall into the realm of flawed human nature, and some, like Weiner's, fall into the realm of "Seriously, what is wrong with you?"

Huma gained renown, movie star suitors and a Vogue spread as the stylish Muslim Garbo silently and efficiently parting the waves for Hillary. She had to be resilient to work her way up from intern to consigliere in tough Hillaryworld, and she saw firsthand how the Clintons beat back foes.

They love Huma, but the Clintons, now showcasing philanthropy and public service preparatory to Hillary's 2016 run, are not happy about getting dragged into the lewd spectacle that is a low-budget movie version of their masterpiece.

The former president is distancing himself, one associate said, noting, "He's not getting anywhere near that grenade."

Huma's friends are "slapping-my-forehead astounded," as one put it, that Weiner would get in the race knowing the online land mines that would rock Huma's world again and torpedo the campaign.

Weiner wooed Huma assiduously, showing up at the Westchester airport in the wee hours to pick her up when she came back from trips with Hillary. "They were two hyperdrive young brains that just clicked," said a friend. "She liked his Borscht Belt humor."

Her circle understands that "you love who you love," as one put it, marveling at Weiner's "madonna-whore" complex played out online. But that doesn't mean that you ask people to vote for someone who's dreadfully flawed for a major office, just because you love him.

They are worried that Huma's decision to vouch for her husband is starting to hurt her, the one person they all assumed would never be ensnared in anything weird or bad. "The hard stink of this one is going to get on everyone involved," said one friend.

Another agreed: "As soon as she stood up to say those words she changed herself from a sophisticated, mysterious guiding intelligence and beauty next to Hillary Clinton to the wife of a tarnished Anthony Weiner."

They fear Huma learned the wrong lesson from Hillary, given that Bill was a roguish genius while Weiner's a creepy loser.

"Bill Clinton was the greatest political and policy mind of a generation," said one. "Anthony is behaving similarly without the chops or résumé."

As often as Bill apologized, he didn't promise he would "never, ever" do it again, as Weiner did.

"What people won't forgive is lying in the apology," said the Clinton pal. "It has to be sincere, and it sure as hell has to be accurate."

— Maureen Dowd is a New York Times columnist.

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Team New Zealand defeats Italy in America's Cup challenger trials

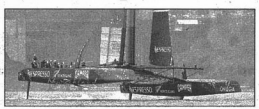
The Associated Press

SAN FRANCISCO — Emirates Team New Zealand beat Italy's Luna Rossa by 3 minutes, 21 seconds in their final meeting of the round-robins in the America's Cup challenger trials Sunday on San Francisco Bay.

As the points leader in the round-robins, the Kiwis had the choice of advancing straight to the Louis Vuitton Cup final or picking their opponent for the semifinals. Skipper Dean Barker said that while the New Zealanders considered getting in more racing time, they've decided to advance straight to the finals in order to continue development of their 72-foot catamaran.

That leaves Luna Rossa to face Artemis Racing of Sweden in the semifinals starting Aug. 6. Artemis only recently launched its new boat and hasn't sailed in the round-robins. The syndicate has been slowed by the fatal capsize of its first boat on May 9.

The Louis Vuitton Cup finals begin Aug. 17, with the winner advancing to face Oracle Team USA in the 34th America's Cup starting Sept. 7.



File Photo by ASSOCIATED PRESS

Emirates Team New Zealand.

Team New Zealand had a slight lead at the start Sunday and built its lead at every turning mark on the seven-leg course. It went 5-0 against the Italians, including the opening race that Italy boycotted due to a rules spat.

In their four head-to-head matchups, the Kiwis were so dominant that the Italians twice were officially ruled a DNF — did not finish — because they crossed the finish line more than five minutes behind Team New Zealand.

After the race, Tom Cruise and his son boarded Team New Zealand's boat and were given a ride across the bay.

USVI men volleyball team defeats Guadeloupe, 3-1, for fifth place at CAZOVA

Daily News Staff

Aseah Thomas had 23 points and team captain Nayib Gonzalez added 20 as they led the U.S. Virgin Islands junior men's volleyball team past host Guadeloupe, 25-21, 20-25, 20-25, 25-21, 15-9, on Saturday in the fifth-place game at the ninth CAZOVA Junior Men's Championship in Guadeloupe.

Thomas had seven aces and one block, while Gonzalez's 20 points came by way of kills in the match, which lasted five.

Malick Frederic was Guadeloupe's top scorer with 22 points, while Yannis Biodore added 15 points and Meidhy Tacita added 10.

On Friday, the USVI was upset by a previously winless Bahamas squad, 25-16, 19-25, 25-17, 26-24, in the quarterfinals of the tournament.

Gonzalez led the USVI with a match-high 20 points, followed by Thomas with 16 points.

Team captain Rajahl Moxey led the Bahamas with 16 points, followed by Kenton Dawkins with 10 points, three of which were blocks. Justin Smith added nine points.

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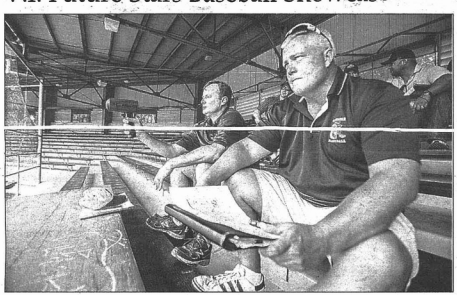
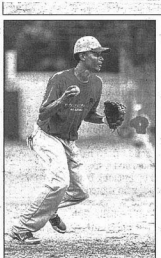
V.I. Future Stars Baseball Showcase





Above, Malik Mitchell, a pitcher in his second year at Genesee College, throws a pitch for scouts.

At left, Leroy Simmonds, a shortstop and former student at St. Croix Central High School, makes a play to get a runner out at first base.

Daily News Photos by THOMAS LAYER

Coaches Skip Sherman, right, of Genesee Community College in Batavia, N.Y., and Scott Dulin, of Fisher College in Boston, Mass., holding a radar gun, scout baseball prospects at the V.I. Future Stars' annual Summer Baseball Showcase on Saturday at Lionel Roberts Stadium on St. Thomas. There were also representatives from Southern Conneticut State University, the San Francisco Giants, St. Louis Cardinals and Colarado Rockies. The showcase, organized by V.I. Future Stars president Daren Canton gives local players the opportunity to display their athletic skills for college and professional scouts.

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To: Martin Weinberg [redacted] Darren Indyke [redacted]; Kathy Ruemmler [redacted]; Jack Goldberger [redacted]
Subject: Fwd: Epstein prosecutor was rebuked for prior child sex case | Miami Herald
Attachments: Sp_Marie_Villafana2.jpg; WilliamZloch.jpeg; acosta.jpg

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Date: Thu, Mar 14, 2019 at 12:30 PM
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Cc: Darren Indyke <[redacted]>

https://www.miamiherald.com/news/politics-government/article226765309.html

Jeffrey Epstein prosecutor was previously rebuked for handling of a child sex case

Julie K. Brown

Nine months before cutting a covert plea deal with sex trafficking suspect Jeffrey Epstein, Miami U.S. Attorney Alexander Acosta was notified that the lead prosecutor in Epstein's case had concealed victim information in another underage sex crimes case, the Miami Herald has learned.

The prosecutor, A. Marie Villafaña, was harshly rebuked by a federal judge in January 2007 for what he called her "intentional and/or serious lapse in judgment" when she failed to explicitly inform him that the defendant, a Texas man who traveled to Florida to have sex with a 14-year-old girl, had a prior history of predatory behavior with minors, court records show.

Acosta, her boss at the time, not only knew about Villafaña's breach — records show that he subsequently defended it. Acosta assigned another prosecutor in his office to write a treatise for the judge in an unsuccessful attempt to persuade him to soften the stinging language in his order.

Senior U.S. District Court Judge William J. Zloch copied Acosta on his order, noting, "The court is at a total loss as to why the Office of the United States Attorney for the Southern District of Florida, as well as the Assistant United States Attorney assigned to the above-styled cause, found it appropriate to intentionally withhold ... information from the court."

A. Marie Villafaña was the lead federal prosecutor in the Jeffrey Epstein sex case. The U.S. attorney's office's handling of the prosecution, which led to a plea to minor charges in state court, has been harshly criticized.

Later that year, Acosta and Villafaña put together a plea bargain for Epstein, a multimillionaire money manager who sexually abused nearly three dozen teenage girls at his mansion in Palm Beach. The deal, a federal judge ruled last month, was intentionally kept from his victims in violation of the Crime Victims' Rights Act.

While the two cases are unrelated, it shows that both Acosta and Villafaña had been warned about the importance of victim disclosure in sex crimes cases before the Epstein agreement. They nevertheless forged ahead with a pact with Epstein that violated the law.

U.S. District Court Judge Kenneth A. Marra wrote: "When the Government gives information to victims, it cannot be misleading. While the Government spent untold hours negotiating the terms and implications of the [agreement] with Epstein's attorneys, scant information was shared with victims."

This comes as Acosta, who is now the U.S. secretary of labor, is facing mounting scrutiny for his oversight of the Epstein case. On Monday, White House press secretary Sarah Huckabee Sanders declined to say whether President Trump has full confidence in Acosta, noting that Acosta's involvement in the Epstein case is "currently under review."

The Justice Department launched a probe in January into whether Acosta, Villafaña and other prosecutors committed professional misconduct.

Francey Hakes, who worked in the Justice Department's Crimes Against Children unit, said Zloch's comments were so brutal that it should have deterred Acosta and Villafaña from keeping the deal secret.

"It is highly unusual for a court to allege an assistant U.S. attorney has intentionally withheld information. That allegation is like dropping a bomb in the legal community," she said.

The story behind a Palm Beach sex offender's remarkable deal

Palm Beach multimillionaire Jeffrey Epstein is a free man, despite sexually abusing dozens of underage girls according to police and prosecutors. His victims have never had a voice, until now.

"It seems to show that they are not taking these cases very seriously, they are not advocating for strong punishment for sexual predators, and not advocating for victims in a meaningful way. "

Villafaña, a well-regarded 18-year veteran federal prosecutor, would not comment for this story. But her lawyer, Jonathan Biran, said she has worked tirelessly on

behalf of crime victims. She received the 2011 National Crime Victims' Rights Service Award as well as the Attorney General's Project Safe Childhood Award.

He also pointed out that the parents of the victim in the Texas man's case wrote a letter thanking Villafaña at the conclusion of the case.

"AUSA Villafaña has spent her 18-year career advocating tirelessly on behalf of victims of some of the most serious crimes in Florida, and has received numerous awards for her successful prosecution of major cases," Biran said, adding that Villafaña has "made South Florida a safer place for children and adults alike."

Enticing a minor

By all accounts, Adam McDaniel was an awkward and shy Texas teenager who spent countless hours on his computer, socializing with girls on the internet.

In 2005, McDaniel, then 19, traveled from Texas to Fort Lauderdale, where he hopped into a taxi and headed to Boca Raton to meet up with a 14-year-old girl he had been talking to online for about a year. He picked up the ninth grader at a high school basketball game, and drove her to a Marriott, hotel where they spent the night, court records show.

When she failed to come home that evening, her parents called Boca Raton police. Officers tracked the pair down at the hotel the next day, where they found them in bed, clad in little more than their underwear, according to court records.

McDaniel was arrested on federal sex charges, and pleaded guilty on Oct. 6, 2006, to enticing a minor into sexual conduct by means of interstate commerce, which carried a sentence of from five years up to 30 years in federal prison.

U.S. District Judge William Zloch

At sentencing, McDaniel's public defender, Patrick Hunt, argued for a reduced sentence, blaming his client's immaturity for the crime. McDaniel had been a good student at Texas Tech and had a family that supported him, Hunt told Zloch.

Family and acquaintances, including a former Fort Worth police lieutenant, submitted letters to the court vouching for McDaniel's character.

There were other issues, however, presented to the judge. While McDaniel was being held in federal lockup awaiting sentencing, he had corresponded with his victim, despite being ordered not to contact her, the court record shows.

Still, Hunt argued that a sentence of five years was overly harsh.

Villafaña disagreed, but conceded that McDaniel would benefit from psychological treatment. She advocated for a sentence of five to sex years, which was at the low end of the guideline.

It was then that the judge heard from the victim's mother.

In a statement, the mother decried the emotional and mental trauma her daughter suffered and the long road to recovery she had ahead of her. The mother mentioned she was further upset that McDaniel continued contact with her daughter after his arrest and she said she believed that McDaniel was still trying to manipulate her daughter by blaming her for his arrest.

The mother pointed out that prior to their sexual encounter, McDaniel had directed her daughter to watch sexually explicit movies and had described for her sex activities he had had with another underage girl.

At that point, the judge interrupted.

"...There has been some reference to another incident with a minor girl. What do you know about that, if anything?" Zloch asked Villafaña.

Former U.S. Attorney Alex Acosta never told sexual-abuse victims of a lenient plea deal for Jeffrey Epstein.

Getty Images

Only then did Zloch learn that McDaniel had preyed on other girls over the internet, including a 16-year-old California girl whom he brought to Texas and impregnated. He was also having another relationship with a 15-year-old girl at the time of his arrest, Villafaña admitted in court.

The judge promptly sentenced McDaniel to 10 years — twice what Villafaña recommended.

Three months later, in January 2007, after reviewing the entire case, Zloch issued an order excoriating Villafaña for failing to tell him about McDaniel's prior history.

"The serial nature of defendant's seduction of minor girls was revealed for the first time to the court upon the Government's response to the Court's inquiry," Zloch wrote, explaining that the defendant's past was evidence of predatory behavior that warranted a harsher sentence because he may pose a danger to the community.

Assistant U.S. Attorney Andrew Lourie was assigned to try to correct the record and persuade the judge to strike a portion of his comments. They argued that since McDaniel had never before been charged with a crime, the history was not relevant

at sentencing. The defendant's prior relationship with a 16-year-old was not illegal in Texas or in California, they said, and the girl classified her relationship as a friendship.

All the relevant information was provided to the probation department and at McDaniel's detention hearing, they added, making the point that it was in the record and therefore, not intentionally withheld by the government.

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From: Darren Indyke [redacted]
Sent: 3/14/2019 4:30:53 PM
To: jeevacation@gmail.com
CC: Darren Indyke [redacted]
Subject: Epstein prosecutor was rebuked for prior child sex case | Miami Herald
Attachments: Sp_Marie_Villafana2.jpg; WilliamZloch.jpeg; acosta.jpg

Importance: High

https://www.miamiherald.com/news/politics-government/article226765309.html

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Julie K. Brown

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Acosta, her boss at the time, not only knew about Villafaña's breach — records show that he subsequently defended it. Acosta assigned another prosecutor in his office to write a treatise for the judge in an unsuccessful attempt to persuade him to soften the stinging language in his order.

Senior U.S. District Court Judge William J. Zloch copied Acosta on his order, noting, "The court is at a total loss as to why the Office of the United States Attorney for the Southern District of Florida, as well as the Assistant United States Attorney assigned to the above-styled cause, found it appropriate to intentionally withhold ... information from the court."

A. Marie Villafaña was the lead federal prosecutor in the Jeffrey Epstein sex case. The U.S. attorney's office's handling of the prosecution, which led to a plea to minor charges in state court, has been harshly criticized.

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While the two cases are unrelated, it shows that both Acosta and Villafaña had been warned about the importance of victim disclosure in sex crimes cases before the Epstein agreement. They nevertheless forged ahead with a pact with Epstein that violated the law.

U.S. District Court Judge Kenneth A. Marra wrote: "When the Government gives information to victims, it cannot be misleading. While the Government spent untold hours negotiating the terms and implications of the [agreement] with Epstein's attorneys, scant information was shared with victims."

This comes as Acosta, who is now the U.S. secretary of labor, is facing mounting scrutiny for his oversight of the Epstein case. On Monday, White House press secretary Sarah Huckabee Sanders declined to say whether President Trump has full confidence in Acosta, noting that Acosta's involvement in the Epstein case is "currently under review."

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Villafaña, a well-regarded 18-year veteran federal prosecutor, would not comment for this story. But her lawyer, Jonathan Biran, said she has worked tirelessly on

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McDaniel was arrested on federal sex charges, and pleaded guilty on Oct. 6, 2006, to enticing a minor into sexual conduct by means of interstate commerce, which carried a sentence of from five years up to 30 years in federal prison.

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At sentencing, McDaniel's public defender, Patrick Hunt, argued for a reduced sentence, blaming his client's immaturity for the crime. McDaniel had been a good student at Texas Tech and had a family that supported him, Hunt told Zloch.

Family and acquaintances, including a former Fort Worth police lieutenant, submitted letters to the court vouching for McDaniel's character.

There were other issues, however, presented to the judge. While McDaniel was being held in federal lockup awaiting sentencing, he had corresponded with his victim, despite being ordered not to contact her, the court record shows.

Still, Hunt argued that a sentence of five years was overly harsh.

Villafaña disagreed, but conceded that McDaniel would benefit from psychological treatment. She advocated for a sentence of five to sex years, which was at the low end of the guideline.

It was then that the judge heard from the victim's mother.

In a statement, the mother decried the emotional and mental trauma her daughter suffered and the long road to recovery she had ahead of her. The mother mentioned she was further upset that McDaniel continued contact with her daughter after his arrest and she said she believed that McDaniel was still trying to manipulate her daughter by blaming her for his arrest.

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Former U.S. Attorney Alex Acosta never told sexual-abuse victims of a lenient plea deal for Jeffrey Epstein.

Getty Images

Only then did Zloch learn that McDaniel had preyed on other girls over the internet, including a 16-year-old California girl whom he brought to Texas and impregnated. He was also having another relationship with a 15-year-old girl at the time of his arrest, Villafaña admitted in court.

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From: Darren Indyke [redacted]
Sent: 3/14/2019 5:28:39 PM
To: jeevacation@gmail.com
CC: Darren Indyke [redacted]
Subject: Fwd: Epstein prosecutor was rebuked for prior child sex case | Miami Herald
Attachments: WilliamZloch.jpeg

Importance: High

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Begin forwarded message:

From: Kathy Ruemmler <[redacted]>
Subject: Re: Epstein prosecutor was rebuked for prior child sex case | Miami Herald
Date: March 14, 2019 at 1:27:47 PM EDT
To: Darren Indyke <[redacted]>

Privileged - Redacted

On Mar 14, 2019, at 1:18 PM, Darren Indyke <[redacted]> wrote:

Privileged - Redacted

DARREN K. INDYKE
5300 W. Atlantic Avenue, Suite 602
Delray Beach, Florida 33484
[redacted]

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Begin forwarded message:

From: J <jeevacation@gmail.com>
Subject: Fwd: Epstein prosecutor was rebuked for prior child sex case | Miami Herald
Date: March 14, 2019 at 12:48:11 PM EDT
To: Martin Weinberg <[redacted]>, Darren Indyke <[redacted]>, Kathy Ruemmler <[redacted]>, Jack Goldberger <[redacted]>

Privileged - Redacted

---------- Forwarded message ---------
From: **Darren Indyke** <[redacted]>
Date: Thu, Mar 14, 2019 at 12:30 PM
Subject: Epstein prosecutor was rebuked for prior child sex case | Miami Herald
To: jeevacation@gmail.com <jeevacation@gmail.com>
Cc: Darren Indyke <[redacted]>

https://www.miamiherald.com/news/politics-government/article226765309.html

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<Sp_Marie_Villafana2.jpg>

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<acosta.jpg>

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Date: Friday, June 19 2009 11:01 PM
Subject: Re:
From: Jeffrey Epstein <jeevacation@gmail.com>
To: Peggy Siegal [redacted];

Jeffrey Epstein, the Florida money manager who once roamed in the same social circle as Bill Clinton, Prince Andrew and other high profile figures, is going to be released from prison early, a source tells RadarOnline.com.

Epstein pleaded guilty last year to procuring teen girls for prostitution, ending his lifestyle with the rich and famous in a Palm Beach, Florida scandal that reverberated through high-profile society. He received an 18-month sentence and was slated to be incarcerated until the end of this year.

But now, says the source, the jail door is about to swing open because Epstein has been secretly helping the feds unravel a suspected Ponzi scheme. He had inside knowledge of the scheme because he was one of its victims, losing $67 million.

The source says it's all tied to the indictment of former managers of Bear Stearns Mortgage Investment Fund, and in that case Epstein is the person who is identified only as Victim # 1.

Meanwhile, Epstein's life behind bars hasn't been too rough – in fact he's allowed to spend most days at his attorney's office. He was supposedly working on a charity venture but the source says he was actually busy helping the feds with the Ponzi scheme. One source says that he's been guarded by men in suits with earphones.

Well if those suits are going to follow him when he's freed they better pack bathing suits. Epstein owns Little St. James Island in the Virgin Islands.

On Fri, Jun 19, 2009 at 4:51 PM, Peggy Siegal [redacted] wrote:

Can you cut and paste and email to my blackberry...I can't open this up. Peg

---- Original Message ----
From: Jeffrey Epstein <jeevacation@gmail.com>
To: Peggy Siegal
Sent: Fri Jun 19 16:17:18 2009
Subject:

http://www.radaronline.com/category/tags/jeffrey- epstein <http://www.radaronline.com/category/tags/jeffrey- epstein>

HELP ; a reporter for the ny times wants to write the following ; Epsteins lawyers were contacted and they said they had no comment.. We have checked with some of the world s financial experts ,both in and out of gov't , the consensus is that if Epstein is cooperating with the feds the average intelligence of the u.s. government , just went up dramatically.

Date: Tuesday, June 23 2009 10:49 PM
Subject: Re: Radar Online reports that you are to be released early
From: Jeffrey Epstein <jeevacation@gmail.com>
To: David Grosof [redacted];

http://www.palmbeachdailynews.com/news/content/news/2009/06/23/webepstein062309.html

On Sat, Jun 20, 2009 at 6:41 AM, Jeevacation <jeevacation@gmail.com> wrote:

30 days

Sent from my iPhone
On Jun 20, 2009, at 4:01 AM, David Grosof [redacted] wrote:

Hi, Jeffrey,
I hope the Radar Online report today (Friday 6-19) that you are to be released early is correct!
Best wishes,
David

Referencing:
http://www.radaronline.com/exclusives/2009/06/exclusive- jeffrey-epstein-be-released-prison-early

EXCLUSIVE: Jeffrey Epstein To Be Released From Prison Early

Jeffrey Epstein, the Florida money manager who once roamed in the same social circle as Bill Clinton, Prince Andrew and other high profile figures, is going to be released from prison early, a source tells RadarOnline.com.

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From: Jeffrey Epstein [jeevacation@gmail.com]
Sent: 2/26/2010 2:59:54 PM
To: Alan M. Dershowitz [redacted]; Martin Weinberg [redacted]
Subject: Fwd: Fw: Epstein -- I apologize if you have received this but it keeps coming back to me as undeliverable

---------- Forwarded message ----------
From: [redacted]
Date: Wed, Feb 24, 2010 at 5:58 AM
Subject: Fw: Epstein -- I apologize if you have received this but it keeps coming back to me as undeliverable
To: jeevacation@gmail.com

-----Forwarded by Public Records/PalmBeach on 02/24/2010 05:58AM -----

To: [redacted]
From: Michael Reiter/PalmBeach
Date: 07/10/2008 02:36PM
Subject: Epstein -- I apologize if you have received this but it keeps coming back to me as undeliverable

Margie,

" As you know, nothing too big or too small for us, especially in the summer " Hmmmmm. I have to be direct -- you or someone at your paper was very astute in checking the Clerk and Comptroller's computer and activity in the Epstein case two days before the hearing. As result, you sent me a text message on Saturday asking what the activity was about and I confirmed that the plea would take place. You were the only member of the news media that I talked with. And yet, after the case is completely over, the Palm Beach Daily News' editorial staff remains silent on the topic.

Thanks,
Mike

Palm Beach Post Editorial

Monday, July 07, 2008

Two years after a grand jury indicted him on a felony charge of solicitation of prostitution, Jeffrey Epstein finally admitted that he lured a teenage girl to his $8.5 million, 13,000-square-foot Palm Beach mansion for sex. A week ago, the 55-year-old investment banker began serving 18 months in jail.

But that plea deal - guilty of felony solicitation of prostitution and procuring a person under the age of 18 for prostitution - does not account for all five of the girls, one as young as 14, who alleged that Epstein sexually abused them. And why is Epstein serving his term in the overcrowded Palm Beach County Jail and not a state prison, where inmates are sent if their sentences are longer than one year?

The slow, dissatisfying resolution of the case sends a message to the public that there's a different system of justice for the wealthy who hire high-powered lawyers. Epstein's legal team included West Palm Beach defense attorney Jack Goldberger, Harvard Law School Professor Alan Dershowitz, who defended O.J. Simpson against murder charges, and Kenneth Starr, the prosecutor who pursued then-President Bill Clinton for lying about sex with young women.

Palm Beach police spent 11 months investigating Epstein before State Attorney Barry Krischer sent the case to a grand jury, instead of charging Epstein so the man who once boasted of accepting only billionaire clients

could face a trial. The police had taken a high school transcript, class schedules and phone messages from Epstein's home that showed he knew the girls were underage. Yet Mr. Krischer was more swayed by Epstein's lawyers, who attempted to impugn the girls' character by showing they had chatted on myspace.com about smoking marijuana and drinking. He should have let a jury decide whether the victims - and Epstein - were credible.

Ultimately, one charge against Epstein finally reflected the age of one victim, and the plea agreement left Epstein labeled a sex offender. With that additional charge, if Epstein had been convicted at a trial, he could have been sentenced to anything from probation to 15 years in prison, Assistant State Attorney Lanna Belohlavek said, adding that the recommended guideline sentence was 21 months.

Epstein also won't have to certify to the court that he is receiving counseling, typically required of sex offenders, because he has a private psychiatrist. But without court supervision, who will ensure Epstein is in fact being treated?

The plea deal also drops a federal investigation of Epstein. If a federal investigation was warranted, how does dropping it before completion benefit the public?

Epstein preyed on girls and denied it. For three years, his wealth and the influence of his lawyers bought him the protection the state attorney owed to the victims.

Police chief's reputation helps discredit attacks

By Larry Keller

Palm Beach Post Staff Writer

Monday, August 14, 2006

In the case of Palm Beach financier Jeffrey Epstein, it seems, at times, as if two men are accused of wrongdoing: Epstein and Palm Beach Police Chief Michael Reiter.

Epstein, 53, was indicted last month on a charge of felony solicitation of prostitution solely because of Reiter's "craziness," one of Epstein's lawyers said. His department disseminated "a distorted view of the case" and behaved in a "childish" manner when the grand jury didn't indict Epstein on the charges it sought, another Epstein lawyer complained. To hear the Epstein camp tell it, Reiter, 48, is a loose cannon better suited to be the sheriff of Mayberry. They whisper that he's embroiled in a messy divorce.

Reiter did in fact file for divorce from his wife, Jill, last year, after 24 years of marriage. They have a son, 18, and a daughter, 14. The couple is scheduled to go to mediation next week, Aug. 16. Nothing in the court file suggests their split is particularly ugly.

Reiter incurred the wrath of the Epstein camp as well as the state attorney's office for two reasons. First, he pressed for Epstein to be charged with the more serious crimes of sexual activity with minors. Second, he slammed State Attorney Barry Krischer in blunt language seldom used by one law-enforcement official concerning another because of what he perceived as that office's mishandling of the case.

In a letter to Krischer written May 1, Reiter called his actions in the Epstein case "highly unusual." He added, "I must urge you to... consider if good and sufficient reason exists to require your disqualification from the prosecution of these cases."

In short, Reiter told the county's top prosecutor for the past 13 years that he ought to get off the case. "It looks like a departure from professionalism," Miami-Dade State Attorney Katherine Fernandez Rundle said of Reiter's letter.

Following Epstein's indictment, Reiter referred the case to the FBI to determine whether the super-rich, super-connected defendant had violated any federal laws.

Reiter won't discuss the case or the broadsides aimed at him. But others almost uniformly use one word to describe the chief: professional.

"I have always been impressed by Mike's professionalism and his leadership," said Rick Lincoln, chief of the Lantana Police Department and a Palm Beach County cop for 32 years.

"The town of Palm Beach has a very professional police department. We all consider Mike to be our peer and a man of integrity."

Juno Beach Police Chief H.C. Clark II agreed. Although he doesn't know Reiter well, he has met with him on countywide law enforcement issues. "I've never seen him lose his cool. I've never seen anything but a professional demeanor from him."

Reiter joined the Palm Beach Police Department in 1981, leaving a $20,000-a-year patrol job at the University of Pittsburgh. His personnel jacket shows consistently excellent job evaluations.

Posh Palm Beach is no hotbed of crime, and in his first year on the job, a resident confined to his home with a sick child thanked Reiter for delivering a few Cokes to the house. Reiter refused payment for the beverages. Another resident thanked Reiter for shutting off his car's headlights in his driveway, saying a valet must have been at fault.

Reiter worked everything from road patrol to organized crime, vice and narcotics. And he's no novice at investigations involving the island's rich and famous. He was the lead detective probing the drug overdose death of David Kennedy in 1984. He also was one of the officers who worked the investigation of William Kennedy Smith, who was charged in 1991 — and later acquitted — with raping a woman at the Kennedy family compound in Palm Beach.

Reiter, who has a master's degree in human resource development from Palm Beach Atlantic University, also has attended the FBI National Academy in Quantico, Va., and management courses at Harvard. He's been active in countywide interagency law enforcement organizations and has a "top secret" national security clearance.

"He has a perspective that's broader than just addressing the needs of the town," said Town Manager Peter Elwell, who promoted Reiter from assistant chief to chief in March 2001. Reiter makes more than $144,000 as the town's top cop. Elwell thinks he's worth it.

"He's very businesslike, very straightforward. He's not easily agitated or flamboyant. He's about the work," Elwell said. "I think that his service as chief has been outstanding in five-plus years."

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The information contained in this communication is
confidential, may be attorney-client privileged, may
constitute inside information, and is intended only for
the use of the addressee. It is the property of
Jeffrey Epstein
Unauthorized use, disclosure or copying of this
communication or any part thereof is strictly prohibited
and may be unlawful. If you have received this
communication in error, please notify us immediately by
return e-mail or by e-mail to jeevacation@gmail.com, and
destroy this communication and all copies thereof,
including all attachments.

From: Jeffrey Epstein [jeevacation@gmail.com]
Sent: 2/26/2010 3:01:31 PM
To: Alan M. Dershowitz[redacted]; Martin Weinberg[redacted]
Subject: Fwd: Fw: Epstein News Articles
Attachments: Epstein combined articles.pdf

---------- Forwarded message ----------
From:[redacted]
Date: Wed, Feb 24, 2010 at 5:53 AM
Subject: Fw: Epstein News Articles
To: jeevacation@gmail.com

-----Forwarded by Public Records/PalmBeach on 02/24/2010 05:53AM -----

To:[redacted]
From: Michael Reiter/PalmBeach
Date: 08/12/2008 09:33PM
Subject: Epstein News Articles

(See attached file: Epstein combined articles.pdf)

Joyce,

I am looking forward to meeting with you on Wednesday. Please find below (and attached as a PDF file), some background information for your reference. Thanks for agreeing to have this discussion.

Regards,
Mike

Palm Beach Post Editorial #1

He was over 50. And they were girls

By Elisa Cramer

HASH(0x5fa474)

Friday, August 04, 2006

If the women whom Palm Beach police say a part-time town resident invited to his home and paid for sex acts were, in fact, women, the solicitation charge against Jeffrey Epstein might feel more sufficient. But, according to police records, they weren't. He was over 50. And they were girls. 14. 15.16.17-year-old girls. That should count for something - the difference between prostitution and pedophilia.

So, it is baffling that Mr. Epstein, who was indicted last month by a grand jury on one felony count of solicitation of prostitution, has not been charged, as Palm Beach police strenuously urged, with unlawful sex acts with a minor and lewd and lascivious molestation.

Conviction of crimes against minors would mean steeper penalties than the maximum five-year prison term Mr. Epstein faces if convicted of the single count of felony solicitation. It also would help carry a message of intolerance to perverts who prey on

girls.

Prosecutors did not pursue charges against Mr. Epstein reflecting the age of the victims because they assumed a jury would view the girls not as victims but as promiscuous, untrustworthy, willing participants. The presumption is offensive.

Mr. Epstein, a 53-year-old Manhattan money manager who has hired Harvard law professor Alan Dershowitz and defense attorney Jack Goldberger, has denied knowing how old the girls were. But police interviews with five alleged victims and 17 witnesses under oath, as well as phone messages, a high school transcript and other items that police found from searching Mr. Epstein's trash and 7,234-square-foot waterfront home, provide evidence that he knew the girls were teenagers.

One girl couldn't show up when Mr. Epstein wanted because she had soccer. Another time, Mr. Epstein had to wait for his "massage" session because the girl he wanted was still in class.

Why didn't State Attorney Barry Krischer let a jury decide whether to believe the teenagers - including a 16-year-old who went to Mr. Epstein's house to "work" in December 2004 after being asked whether she needed to make money for Christmas gifts?

Prosecutors gave greater weight to the details Mr. Dershowitz provided about the girls in an apparent effort to assail their character. Mr. Dershowitz pointed out to prosecutors that some of the teenagers had talked on myspace.com about marijuana and alcohol use.

The 20-year-old Royal Palm Beach woman who told police she recruited girls for Mr. Epstein has a Web page on myspace.com that features one girl using the name "Pimpin' Made EZ."

Although no charges of witness tampering have been filed, the parents of at least one of the teenage victims complained to police of being followed and intimidated by two men. Police determined that their vehicles were registered to two private investigators. Mr. Goldberger denied knowing anything about it.

Police also note in their reports that the state attorney's office offered Mr. Epstein a plea deal that would have placed him on probation for five years, allowing him ultimately to walk away with no criminal record at all.

I asked Mr. Krischer's spokesman, Mike Edmondson, why the case was referred to a grand jury instead of Mr. Epstein being charged and facing a trial before a jury. And shouldn't the victims' credibility be a factor to determine whether a crime's been committed, not whether a jury will convict? (After all, as Mr. Goldberger told The Palm Beach Post of Mr. Epstein, "He's never denied girls came to the house.")

Especially, I asked Mr. Edmondson to explain: Why shouldn't the public look at this case and think there are two kinds of justice - one for the wealthy and one for the rest of us?

Mr. Edmondson said he could not comment on the case because it is active, but on the latter point, he offered, for the sake of "philosophical debate": "Whether wealth buys a different standard of justice across the country ... the answer to that would, of course, be yes."

But in this case, he said, "regardless of the battery of attorneys, the outcome would be the same. Every issue that was debated in public was debated in our office before this case

went to the grand jury."

In this case, it is not the victims' credibility but the state attorney's that deserves questioning.

Palm Beach Post Editorial #2

Massaging the system

Palm Beach Post Editorial

Thursday, August 10, 2006

Palm Beach police say their 11-month investigation shows that 53-year-old part-time town resident Jeffrey Epstein committed unlawful sex acts with and lewd and lascivious molestation on five underage girls. Defense attorney Jack Goldberger claims that his client, Jeffrey Epstein, had no idea that the untrained girls he hired for massages were minors.

The Palm Beach Count State Attorney's Office could have let a jury decide whom to believe. Instead, State Attorney Barry Krischer left the public to wonder whether the system tilted in favor of a wealthy, well-connected alleged perpetrator and against very young girls who are alleged victims of sex crimes.

Mr. Krischer took the unusual step of referring the case to a grand jury, which last month indicted Jeffrey Epstein on one felony count of solicitation of prostitution. That decision came after Harvard law Professor Alan Dershowitz met with prosecutors to undermine the credibility of the 14- to 17-yearold girls who charged that Mr. Epstein had paid them $200 to $300 to undress and massage him in his five-bedroom, 7 1/2 -bath home on the Intracoastal Waterway.

The girls, Mr. Dershowitz told prosecutors, had written on myspace.com about smoking marijuana and drinking alcohol. But if the girls have a credibility problem, what about Jeffrey Epstein? Mr. Goldberger, told The Post: "Mr. Epstein absolutely insisted anybody who came to his house be over the age of 18. How he verified that, I don't know." And prosecutors took him at his word?

Police collected evidence that refutes Jeffrey Epstein's defense. Police searched his home and garbage and found phone messages about the girls' school schedules and even a high school transcript, suggesting that Mr. Epstein at least knew that the girls were teenagers.

The state attorney's office has responded to criticism from Palm Beach police and others by noting the higher standard prosecutors face for conviction than law-enforcement officers do for arrest. But in this case, the state attorney bowed to the risk that a jury might look at both Jeffrey Epstein and the girls, and point fingers at both sides.

Even if the girls could be impugned as prostitutes, solicitation of a minor is a crime. Former disc jockey and teacher Bruno Moore was charged with that Tuesday. Investigators say the 34-year-old used the Internet - myspace.com - to recruit a 13-year old.

Police say Jeffrey Epstein used a 20-year-old woman who had a myspace.com account to recruit young girls. His actions were sleazy. It would have been good to ask a jury just how criminal they were.

Palm Beach Post Editorial #3

Spare us the outrage

Wednesday, February 13, 2008

An 11-month police investigation led to an indictment on one felony charge of solicitation of prostitution. That was in July 2006, and part-time Palm Beacher Jeffrey Epstein still has faced no repercussions for allegedly preying on underage girls.

So maybe Mr. Epstein is satisfied that he's getting his money's worth from his large legal team, which includes Harvard Law School Professor Alan Dershowitz (remember O.J. Simpson?) and Kenneth Starr (remember Monica Lewinsky?). Jack Goldberger of West Palm Beach, who's also on the team, told Post columnist Jose Lambiet in November: "This case is absolutely going to end without a trial within the next two months."

He was wrong, but Mr. Goldberger remains on Mr. Epstein's payroll, feigning moral outrage at two lawsuits filed this year against the Manhattan money manager. The lawsuits allege sexual exploitation of teenaged girls, one of them as young as 14. Said Mr. Goldberger after the first lawsuit, seeking more than $50 million, was filed on Jan. 24: "We think this shows what this case is all about: money." Yes, it is - Mr. Epstein's effort to buy his way out of prosecution.

According to the lawyer of a 17-year-old whose parents are suing him, Mr. Epstein masturbated in front of her (she was 14 at the time) and used a vibrator on her at his home in February 2005. Another Epstein attorney, Lilly Ann Sanchez dismissed it: "Jeffrey Epstein did not have sex with this woman."

For those girls who claim that he did, Mr. Epstein's lawyers maintain that he did not know their ages, despite a police search of his home and garbage that found phone messages about the girls' school schedules and even a high school transcript. For all of his money, Mr. Epstein's best defense remains "I didn't know that I was a criminal pervert"?

Palm Beach Post Editorial #4

Rich man fought the law and he mostly won

Palm Beach Post Editorial

Monday, July 07, 2008

Two years after a grand jury indicted him on a felony charge of solicitation of prostitution, Jeffrey Epstein finally admitted that he lured a teenage girl to his $8.5 million, 13,000-square-foot Palm Beach mansion for sex. A week ago, the 55-yearold investment banker began serving 18 months in jail.

But that plea deal - guilty of felony solicitation of prostitution and procuring a person under the age of 18 for prostitution - does not account for all five of the girls, one as young as 14, who alleged that Epstein sexually abused them. And why is Epstein serving his term in the overcrowded Palm Beach County Jail and not a state prison, where inmates are sent if their sentences are longer than one year?

The slow, dissatisfying resolution of the case sends a message to the public

Post your that there's a different system of justice for the wealthy who hire highcomments powered lawyers. Epstein's legal team included West Palm Beach defense

on this attorney Jack Goldberger, Harvard Law School Professor Alan Dershowitz, who defended O.J. Simpson against murder charges, and Kenneth Starr, the prosecutor who pursued then-President Bill Clinton for lying about sex with young women.

Palm Beach police spent 11 months investigating Epstein before State Attorney Barry Krischer sent the case to a grand jury, instead of charging Epstein so the man who once boasted of accepting only billionaire clients could face a trial. The police had taken a high school transcript, class schedules and phone messages from Epstein's home that showed he knew the girls were underage. Yet Mr. Krischer was more swayed by Epstein's lawyers, who attempted to impugn the girls' character by showing they had chatted on myspace.com about smoking marijuana and drinking. He should have let a jury decide whether the victims - and Epstein - were credible.

Ultimately, one charge against Epstein finally reflected the age of one victim, and the plea agreement left Epstein labeled a sex offender. With that additional charge, if Epstein had been convicted at a trial, he could have been sentenced to anything from probation to 15 years in prison, Assistant State Attorney Lanna Belohlavek said, adding that the recommended guideline sentence was 21 months.

Epstein also won't have to certify to the court that he is receiving counseling, typically required of sex offenders, because he has a private psychiatrist. But without court supervision, who will ensure Epstein is in fact being treated?

The plea deal also drops a federal investigation of Epstein. If a federal investigation was warranted, how does dropping it before completion benefit the public?

Epstein preyed on girls and denied it. For three years, his wealth and the influence of his lawyers bought him the protection the state attorney owed to the victims.

New York Post – 07/27/2008

New York Post - New York, N.Y.

Date: Jul 27, 2006

Start Page: 014

Section: Page Six

Text Word Count: 395

IT looks like New York billionaire financier Jeffrey Epstein got off easy when he was hit with a charge of soliciting a prostitute for a "happy ending" in Palm Beach.

Because if Palm Beach police had their way, Epstein, 53 - who surrendered last Sunday and is out on $3,000 bail - might have been whacked with far more serious charges of paying underage girls for sex.

But a state grand jury found the witnesses in the case were not credible and threw out all but the single charge of soliciting a hooker in his luxurious Palm Beach home. Epstein's lawyers and friends now say he's the hapless victim of a vendetta by Palm Beach Police Chief Michael Reiter, whom they describe as a "born-again nut case."

According to the police investigation, a copy of which was obtained by the Palm Beach Post, detectives took statements from 17 witnesses and five alleged victims. Haley Robson, 20, a Palm Beach Community College student who described herself as "like a Heidi Fleiss," says she got naked to give Epstein a massage, then brought him six girls

ages 14-16 for massages and sex at his home. She said they were paid $200 per session.
Cops also allege that Epstein's personal assistant, Sarah Kellen, who hasn't been charged, set up the liaisons and put fresh sheets on the massage table and supplied massage oils. Police searched through Epstein's garbage and retrieved sex toys and feminine hygiene products.
Epstein's Palm Beach lawyer, Jack Goldberger, told Page Six that the Florida state attorney concluded the cops had looked at evidence from a "one-sided perspective." He added that Epstein had passed an extensive lie-detector test in which he was grilled about underage girls.
Epstein's New York lawyer, Gerald Lefcourt, said, "The prosecutor didn't want to bring any charges in this case, but because of the craziness of this police chief, we have the charge of solicitation."
Last night, WPTV in Palm Beach reported that one reason Robson's testimony may have been dismissed is the kinky Web page she has on MySpace featuring photos of her female friends playing with sex toys. One friend even uses the name "Pimpin' Made EZ." Robson, who isn't charged, also writes, "Do what you do to make that money, life is a gamble. Stay hustling."
A spokeswoman for Reiter said, "We think our investigation speaks for itself."
Cops also allege that [Jeffrey Epstein]'s personal assistant, Sarah Kellen, who hasn't been charged, set up the liaisons and put fresh sheets on the massage table and supplied massage oils. Police searched through Epstein's garbage and retrieved sex toys and feminine hygiene products.
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NewYork Post – 09/20/2007

JAIL LOOMS FOR SEX-CASE MOGUL

September 20, 2007 -- THE sordid sex case involving Jeffrey Epstein may be coming to an unhappy ending -with a plea deal that would put the publicity-shy billionaire behind bars for 15 months for allegedly soliciting underage teen girls for sex at his Palm Beach mansion.
Sources tell Page Six that Epstein's high-powered lawyers - including Alan Dershowitz, Gerald Lefcourt, Roy Black and Kenneth Starr - have been negotiating a deal with federal prosecutors who are probing, among other things, whether the gray-haired money manager paid West Palm Beach girls for sex or transported them across state lines. Epstein is currently charged by the State of Florida with soliciting young prostitutes for sex - but federal charges would be far more serious.
The Palm Beach Post reported yesterday that Epstein is very close to a deal with the feds that would send him to jail for 1½ to 2 years. Sources tell us that while a deal has not yet solidified, what's under discussion is a guilty plea to at least one charge in exchange for a sentence of 15 months in a Florida state

prison, followed by 15 months of home confinement. That would be a fraction of the time he would have to serve if he were to be convicted by a jury.
Epstein's spokesman, Howard Rubenstein, said his client would have no comment. Dershowitz also declined to comment late yesterday.
Palm Beach police records show that on March 15, 2005, a 14-year-old girl alleged she had visited Epstein's estate, where she partially stripped and gave him a massage during which he "pulled out a purple vibrator" and used it on her in exchange for $300. A further probe uncovered five young women who said Epstein had masturbated and touched their genitals during massages, the records state. A woman named Haley Robson - who described herself as "like a Heidi Fleiss" - later admitted bringing six girls between the ages of 14 and 16 to Epstein's house, according to cops.
Despite the allegations, Epstein was only nailed on a single charge of soliciting a hooker - but it sparked a federal probe. Epstein's lawyers and friends have insisted he was the hapless victim of a vendetta by Palm Beach Police Chief Michael Reiter, whom they described as a "born-again nutcase."

Palm Beach Post - 08/14/ 2006

Police chief's reputation helps discredit attacks

By Larry Keller

Palm Beach Post - Monday, August 14, 2006

In the case of Palm Beach financier Jeffrey Epstein, it seems, at times, as if two men are accused of wrongdoing: Epstein and Palm Beach Police Chief Michael Reiter.
Epstein, 53, was indicted last month on a charge of felony solicitation of prostitution solely because of Reiter's "craziness," one of Epstein's lawyers said. His department disseminated "a distorted view of the case" and behaved in a "childish" manner when the grand jury didn't indict Epstein on the charges it sought, another Epstein lawyer complained.
To hear the Epstein camp tell it, Reiter, 48, is a loose cannon better suited to be the sheriff of Mayberry. They whisper that he's embroiled in a messy divorce.
Reiter did in fact file for divorce from his wife, (NAME REMOVED), last year, after 24 years of marriage. They have a son, 18, and a daughter, 14. The couple is scheduled to go to mediation next week, Aug. 16. Nothing in the court file suggests their split is particularly ugly.
Reiter incurred the wrath of the Epstein camp as well as the state attorney's office for two reasons. First, he pressed for Epstein to be charged with the more serious crimes of sexual activity with minors. Second, he slammed State Attorney Barry Krischer in blunt language seldom used by one law-enforcement official concerning another because of what he perceived as that office's mishandling of the case.
In a letter to Krischer written May 1, Reiter called his actions in the Epstein case "highly unusual." He added, "I must urge you to... consider if good and sufficient reason exists to require your disqualification from the prosecution of these cases." In short, Reiter told the county's top prosecutor for the past 13 years that he ought to get off the case. "It looks like a departure from professionalism," Miami-Dade State Attorney Katherine

Fernandez Rundle said of Reiter's letter.

Following Epstein's indictment, Reiter referred the case to the FBI to determine whether the super-rich, super-connected defendant had violated any federal laws. Reiter won't discuss the case or the broadsides aimed at him. But others almost uniformly use one word to describe the chief: professional.

"I have always been impressed by Mike's professionalism and his leadership," said Rick Lincoln, chief of the Lantana Police Department and a Palm Beach County cop for 32 years. "The town of Palm Beach has a very professional police department. We all consider Mike to be our peer and a man of integrity." Juno Beach Police Chief H.C. Clark II agreed. Although he doesn't know Reiter well, he has met with him on countywide law enforcement issues. "I've never seen him lose his cool. I've never seen anything but a professional demeanor from him."

Reiter joined the Palm Beach Police Department in 1981, leaving a $20,000-a-year patrol job at the University of Pittsburgh. His personnel jacket shows consistently excellent job evaluations. Posh Palm Beach is no hotbed of crime, and in his first year on the job, a resident confined to his home with a sick child thanked Reiter for delivering a few Cokes to the house. Reiter refused payment for the beverages. Another resident thanked Reiter for shutting off his car's headlights in his driveway, saying a valet must have been at fault. Reiter worked everything from road patrol to organized crime, vice and narcotics. And he's no novice at investigations involving the island's rich and famous. He was the lead detective probing the drug overdose death of David Kennedy in 1984. He also was one of the officers who worked the investigation of William Kennedy Smith, who was charged in 1991 — and later acquitted — with raping a woman at the Kennedy family compound in Palm Beach.

Reiter, who has a master's degree in human resource development from Palm Beach Atlantic University, also has attended the FBI National Academy in Quantico, Va., and management courses at Harvard. He's been active in countywide interagency law enforcement organizations and has a "top secret" national security clearance.

"He has a perspective that's broader than just addressing the needs of the town," said Town Manager Peter

Elwell, who promoted Reiter from assistant chief to chief in March 2001. Reiter makes more than $144,000 as the town's top cop. Elwell thinks he's worth it. He's very businesslike, very straightforward. He's not easily agitated or flamboyant. He's about the work," Elwell said. "I think that his service as chief has been outstanding in five-plus years."

New York Times – 09/03/2006

Questions of Preferential Treatment Are Raised in Sex Case Against Money Manager - September 3, 2006

By ABBY GOODNOUGH

PALM BEACH, Fla. — In the summer and autumn of last year, when most of the mansions here stood empty behind their towering hedges, the police stealthily watched one at the end of a waterside lane. They monitored the comings and goings of its owner's private jet, subpoenaed his phone records and riffled through his trash.

The owner was Jeffrey Epstein, 53, an intensely private New York money manager with several billionaire clients. Months earlier, the stepmother of a 14-year-old girl told the Palm Beach police that a wealthy older man, whom the girl later identified as Mr. Epstein, might have had inappropriate sexual contact with her.

In sworn statements to the police, the 14-year-old and other teenage girls said a friend had arranged for them to visit Mr. Epstein's home and give him massages, usually in their underwear, in exchange for cash.

Most of the girls, according to the police, said Mr. Epstein had masturbated during the massages, and a few said he had penetrated them with his fingers or penis. They identified him in photos and accurately described the inside of his home. Some recalled that his employees had fed them snacks or rented them cars.

Mr. Epstein pleaded not guilty in August to the crime he was ultimately charged with, soliciting prostitution. But at a time when prosecutors around the nation have become increasingly severe in dealing with people accused of sex offenses, the case has raised questions about whether Mr. Epstein's prominence won him preferential treatment.

By the account of the police, they found probable cause to charge Mr. Epstein with much more serious offenses: one count of lewd and lascivious molestation and four counts of unlawful sexual activity with a minor.

But instead of proceeding with such charges on his own, the Palm Beach County state attorney took the rare step of presenting a broad range of possible charges to a grand jury, which indicted Mr. Epstein in July on the lesser count. In Florida, prosecutors usually refer only capital cases to grand juries.

Even before the indictment, the Palm Beach police chief, Michael Reiter, had accused prosecutors of giving Mr. Epstein special treatment and asked the state attorney, Barry E. Krischer, to remove himself from the case.

In an editorial, The Palm Beach Post attacked Mr. Krischer, a Democrat whose post is elective, saying the public had been left "to wonder whether the system tilted in favor of a wealthy, well-connected alleged perpetrator and against very young girls who are alleged victims of sex crimes."

The case has taken a toll on the reputation of Mr. Epstein, who owns a palatial home in Manhattan, has pledged $30 million to Harvard and once flew former President Bill Clinton on his 727. Politicians including Eliot Spitzer, a Democratic candidate for governor in New York, and Gov. Bill Richardson of New Mexico, also a Democrat, have returned campaign contributions from him.

But Mr. Epstein fought back, assembling a team of star lawyers, including Gerald B. Lefcourt and Alan M. Dershowitz, a friend of his, to look into the backgrounds of his young accusers.

Mr. Lefcourt says that the police acted "outrageously" and that his client has been wrongfully dragged through the mud.

"He disputes that he ever had sex with any under-age person or anything like that," said Mr. Lefcourt, whose clients have included Russell Crowe, Martha Stewart and Abbie Hoffman.

Neither the police nor the state attorney's office would discuss the case in detail. But the

police released a thick report on the 13-month investigation after the indictment was unsealed in late July.

The police started investigating Mr. Epstein in March 2005, almost immediately after they were contacted by the stepmother of the 14-year-old, who, according to the report, was in a special school for students with disciplinary problems.

The girl, the report said, told the police that an older friend had "offered her an opportunity to make money" and had driven her to Mr. Epstein's house one Sunday. The friend, identified by the police as Haley Robson, a local community college student, told the girl to say she was 18 if Mr. Epstein asked, the report said.

The girl told the police that Mr. Epstein's assistant had led her upstairs to a room with a massage table and that Mr. Epstein had come in and told her to remove her clothes. She said Mr. Epstein had masturbated as she massaged him, had pressed a vibrator against her underwear and had given her $300 afterward.

In October, the police interviewed Ms. Robson, then 19, who told them Mr. Epstein had routinely paid her to bring teenage girls to his home. The police then interviewed a total of 5 alleged victims and 17 witnesses, many of whom told similar stories about what they had observed or participated in at Mr. Epstein's home. According to the report, at least one said Mr. Epstein had engaged in intercourse with her.

Mr. Lefcourt, his lawyer, said one girl who told the police of having had sex with Mr. Epstein as a minor had lied about both the sex and her age and had not shown up for grand jury questioning. He also said Mr. Epstein had passed a lie-detector test clearing him of any sexual involvement with under-age girls.

A spokeswoman for the Palm Beach police said that early this year, the police went to Mr. Krischer, the state attorney, intending to apply for warrants to arrest Mr. Epstein. Instead, she said, they were told that Mr. Krischer would convene a grand jury to examine the evidence and decide what charges, if any, to bring.

Around that time, the police report said, Mr. Dershowitz met with prosecutors to share information about the accusers, including statements they had posted on MySpace.com, the social networking site, concerning use of drugs and alcohol. According to the report, Mr. Krischer's office then decided to delay the grand jury session for several months.

The Palm Beach police grew frustrated, the report said, and on May 1 the department asked prosecutors to approve warrants to arrest Mr. Epstein.

Chief Reiter also wrote Mr. Krischer questioning "the unusual course that your office's handling of this matter has taken" and suggesting that Mr. Krischer disqualify himself.

Chief Reiter refused several requests to be interviewed, and his spokeswoman would not say explicitly why he had urged the prosecutor to step aside.

Mike Edmondson, a spokesman for Mr. Krischer, said the state attorney's office sometimes sent noncapital cases to grand juries when there were questions about witness credibility. Mr. Krischer does not recommend a particular charge in such cases, Mr. Edmondson said, but gives the grand jury a list of possible charges.

Bruce J. Winick, a law professor at the University of Miami, said that while prosecutors in Florida rarely referred noncapital cases to grand juries, they sometimes did so with sensitive cases to be extra-cautious.

Mr. Lefcourt said the police were wrong to have released the report so soon, especially without correcting information that later proved wrong. He cited his assertion that one accuser had lied about her age, adding that she had also been arrested on drug charges and had been fired by her employer for stealing.

"What I'm trying to focus on," Mr. Lefcourt said, "is, What's motivating the selective and misleading release of information to the public?"

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New York Times – 06/30/08

Financier Starts Sentence in Prostitution Case -NYTimes.com Page 1 of 4 ge 1 of 4

July 1, 2008

Financier Starts Sentence in Prostitution Case

By LANDON THOMAS Jr.

The bad news arrived by phone last week on Little St. James Island, the palm-fringed Xanadu in the Caribbean where Jeffrey E. Epstein, adviser to billionaires, lives in secluded splendor.

Report to the Palm Beach County jail, the caller, Mr. Epstein's lawyer, said.

So over the weekend Mr. Epstein quit his pleasure dome, with its staff of 70 and its flamingo-stocked lagoon, and flew to Florida. On Monday morning, he turned himself in and began serving 18 months for soliciting prostitution.

"I respect the legal process," Mr. Epstein, 55, said by phone as he prepared to leave his

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Palm Beach Post Editorial #1

He was over 50. And they were girls
By Elisa Cramer
HASH(0x5fa474)

Friday, August 04, 2006

If the women whom Palm Beach police say a part-time town resident invited to his home and paid for sex acts were, in fact, women, the solicitation charge against Jeffrey Epstein might feel more sufficient. But, according to police records, they weren't. He was over 50. And they were girls. 14. 15.16.17-year-old girls. That should count for something - the difference between prostitution and pedophilia.

So, it is baffling that Mr. Epstein, who was indicted last month by a grand jury on one felony count of solicitation of prostitution, has not been charged, as Palm Beach police strenuously urged, with unlawful sex acts with a minor and lewd and lascivious molestation.

Conviction of crimes against minors would mean steeper penalties than the maximum five-year prison term Mr. Epstein faces if convicted of the single count of felony solicitation. It also would help carry a message of intolerance to perverts who prey on girls.

Prosecutors did not pursue charges against Mr. Epstein reflecting the age of the victims because they assumed a jury would view the girls not as victims but as promiscuous, untrustworthy, willing participants. The presumption is offensive.

Mr. Epstein, a 53-year-old Manhattan money manager who has hired Harvard law professor Alan Dershowitz and defense attorney Jack Goldberger, has denied knowing how old the girls were. But police interviews with five alleged victims and 17 witnesses under oath, as well as phone messages, a high school transcript and other items that police found from searching Mr. Epstein's trash and 7,234-square-foot waterfront home, provide evidence that he knew the girls were teenagers.

One girl couldn't show up when Mr. Epstein wanted because she had soccer. Another time, Mr. Epstein had to wait for his "massage" session because the girl he wanted was still in class.

Why didn't State Attorney Barry Krischer let a jury decide whether to believe the teenagers - including a 16-year-old who went to Mr. Epstein's house to "work" in December 2004 after being asked whether she needed to make money for Christmas gifts?

Prosecutors gave greater weight to the details Mr. Dershowitz provided about the girls in an apparent effort to assail their character. Mr. Dershowitz pointed out to prosecutors that some of the teenagers had talked on myspace.com about marijuana and alcohol use.

The 20-year-old Royal Palm Beach woman who told police she recruited girls for Mr. Epstein has a Web page on myspace.com that features one girl using the name "Pimpin' Made EZ."

Although no charges of witness tampering have been filed, the parents of at least one of the teenage victims complained to police of being followed and intimidated by two men. Police determined that their vehicles were registered to two private investigators. Mr. Goldberger denied knowing anything about it.

Police also note in their reports that the state attorney's office offered Mr. Epstein a plea deal that would have placed him on probation for five years, allowing him ultimately to walk away with no criminal record at all.

I asked Mr. Krischer's spokesman, Mike Edmondson, why the case was referred to a grand jury instead of Mr. Epstein being charged and facing a trial before a jury. And shouldn't the victims' credibility be a factor to determine whether a crime's been committed, not whether a jury will convict? (After all, as Mr. Goldberger told The Palm Beach Post of Mr. Epstein, "He's never denied girls came to the house.")

Especially, I asked Mr. Edmondson to explain: Why shouldn't the public look at this case and think there are two kinds of justice - one for the wealthy and one for the rest of us?

Mr. Edmondson said he could not comment on the case because it is active, but on the latter point, he offered, for the sake of "philosophical debate": "Whether wealth buys a different standard of justice across the country ... the answer to that would, of course, be yes."

But in this case, he said, "regardless of the battery of attorneys, the outcome would be the same. Every issue that was debated in public was debated in our office before this case went to the grand jury."

In this case, it is not the victims' credibility but the state attorney's that deserves questioning.

Palm Beach Post Editorial #2

Massaging the system
Palm Beach Post Editorial

Thursday, August 10, 2006

Palm Beach police say their 11-month investigation shows that 53-year-old part-time town resident Jeffrey Epstein committed unlawful sex acts with and lewd and lascivious molestation on five underage girls. Defense attorney Jack Goldberger claims that his client, Jeffrey Epstein, had no idea that the untrained girls he hired for massages were minors.

The Palm Beach Count State Attorney's Office could have let a jury decide whom to believe. Instead, State Attorney Barry Krischer left the public to wonder whether the system tilted in favor of a wealthy, well-connected alleged perpetrator and against very young girls who are alleged victims of sex crimes.

Mr. Krischer took the unusual step of referring the case to a grand jury, which last month indicted Jeffrey Epstein on one felony count of solicitation of prostitution. That decision came after Harvard law Professor Alan Dershowitz met with prosecutors to undermine the credibility of the 14- to 17-yearold girls who charged that Mr. Epstein had paid them $200 to $300 to undress and massage him in his five-bedroom, 7 1/2 -bath home on the Intracoastal Waterway.

The girls, Mr. Dershowitz told prosecutors, had written on myspace.com about smoking marijuana and drinking alcohol. But if the girls have a credibility problem, what about Jeffrey Epstein? Mr. Goldberger, told The Post: "Mr. Epstein absolutely insisted anybody who came to his house be over the age of 18. How he verified that, I don't know." And prosecutors took him at his word?

Police collected evidence that refutes Jeffrey Epstein's defense. Police searched his home and garbage and found phone messages about the girls' school schedules and even a high school transcript, suggesting that Mr. Epstein at least knew that the girls were teenagers.

The state attorney's office has responded to criticism from Palm Beach police and others by noting the higher standard prosecutors face for conviction than law-enforcement officers do for arrest. But in this case, the state attorney bowed to the risk that a jury might look at both Jeffrey Epstein and the girls, and point fingers at both sides.

Even if the girls could be impugned as prostitutes, solicitation of a minor is a crime. Former disc jockey and teacher Bruno Moore was charged with that Tuesday. Investigators say the 34-year-old used the Internet - myspace.com - to recruit a 13-year old.
Police say Jeffrey Epstein used a 20-year-old woman who had a myspace.com account to recruit young girls. His actions were sleazy. It would have been good to ask a jury just how criminal they were.

Palm Beach Post Editorial #3

Spare us the outrage

Wednesday, February 13, 2008

An 11-month police investigation led to an indictment on one felony charge of solicitation of prostitution. That was in July 2006, and part-time Palm Beacher Jeffrey Epstein still has faced no repercussions for allegedly preying on underage girls.

So maybe Mr. Epstein is satisfied that he's getting his money's worth from his large legal team, which includes Harvard Law School Professor Alan Dershowitz (remember O.J. Simpson?) and Kenneth Starr (remember Monica Lewinsky?). Jack Goldberger of West Palm Beach, who's also on the team, told Post columnist Jose Lambiet in November: "This case is absolutely going to end without a trial within the next two months."

He was wrong, but Mr. Goldberger remains on Mr. Epstein's payroll, feigning moral outrage at two lawsuits filed this year against the Manhattan money manager. The lawsuits allege sexual exploitation of teenaged girls, one of them as young as 14. Said Mr. Goldberger after the first lawsuit, seeking more than $50 million, was filed on Jan. 24: "We think this shows what this case is all about: money." Yes, it is - Mr. Epstein's effort to buy his way out of prosecution.

According to the lawyer of a 17-year-old whose parents are suing him, Mr. Epstein masturbated in front of her (she was 14 at the time) and used a vibrator on her at his home in February 2005. Another Epstein attorney, Lilly Ann Sanchez dismissed it: "Jeffrey Epstein did not have sex with this woman."

For those girls who claim that he did, Mr. Epstein's lawyers maintain that he did not know their ages, despite a police search of his home and garbage that found phone messages about the girls' school schedules and even a high school transcript. For all of his money, Mr. Epstein's best defense remains "I didn't know that I was a criminal pervert"?

Palm Beach Post Editorial #4

Rich man fought the law and he mostly won
Palm Beach Post Editorial

Monday, July 07, 2008

Two years after a grand jury indicted him on a felony charge of solicitation of prostitution, Jeffrey Epstein finally admitted that he lured a teenage girl to his $8.5 million, 13,000-square-foot Palm Beach mansion for sex. A week ago, the 55-yearold investment banker began serving 18 months in jail.

But that plea deal - guilty of felony solicitation of prostitution and procuring a person under the age of 18 for prostitution - does not account for all five of the girls, one as young as 14, who alleged that Epstein sexually abused them. And why is Epstein serving his term in the overcrowded Palm Beach County Jail and not a state prison, where inmates are sent if their sentences are longer than one year?

The slow, dissatisfying resolution of the case sends a message to the public
Post your that there's a different system of justice for the wealthy who hire high-
comments powered lawyers. Epstein's legal team included West Palm Beach defense
on this attorney Jack Goldberger, Harvard Law School Professor Alan Dershowitz,

who defended O.J. Simpson against murder charges, and Kenneth Starr, the prosecutor who pursued then-President Bill Clinton for lying about sex with young women.

Palm Beach police spent 11 months investigating Epstein before State Attorney Barry Krischer sent the case to a grand jury, instead of charging Epstein so the man who once boasted of accepting only billionaire clients could face a trial. The police had taken a high school transcript, class schedules and phone messages from Epstein's home that showed he knew the girls were underage. Yet Mr. Krischer was more swayed by Epstein's lawyers, who attempted to impugn the girls' character by showing they had chatted on myspace.com about smoking marijuana and drinking. He should have let a jury decide whether the victims - and Epstein - were credible.

Ultimately, one charge against Epstein finally reflected the age of one victim, and the plea agreement left Epstein labeled a sex offender. With that additional charge, if Epstein had been convicted at a trial, he could have been sentenced to anything from probation to 15 years in prison, Assistant State Attorney Lanna Belohlavek said, adding that the recommended guideline sentence was 21 months.

Epstein also won't have to certify to the court that he is receiving counseling, typically required of sex offenders, because he has a private psychiatrist. But without court supervision, who will ensure Epstein is in fact being treated?

The plea deal also drops a federal investigation of Epstein. If a federal investigation was warranted, how does dropping it before completion benefit the public?

Epstein preyed on girls and denied it. For three years, his wealth and the influence of his lawyers bought him the protection the state attorney owed to the victims.

New York Post – 07/27/2008

New York Post - New York, N.Y.
Date: Jul 27, 2006
Start Page: 014
Section: Page Six
Text Word Count: 395

IT looks like New York billionaire financier Jeffrey Epstein got off easy when he was hit with a charge of soliciting a prostitute for a "happy ending" in Palm Beach.

Because if Palm Beach police had their way, Epstein, 53 - who surrendered last Sunday and is out on $3,000 bail - might have been whacked with far more serious charges of paying underage girls for sex.

But a state grand jury found the witnesses in the case were not credible and threw out all but the single charge of soliciting a hooker in his luxurious Palm Beach home. Epstein's

lawyers and friends now say he's the hapless victim of a vendetta by Palm Beach Police Chief Michael Reiter, whom they describe as a "born-again nut case."

According to the police investigation, a copy of which was obtained by the Palm Beach Post, detectives took statements from 17 witnesses and five alleged victims. Haley Robson, 20, a Palm Beach Community College student who described herself as "like a Heidi Fleiss," says she got naked to give Epstein a massage, then brought him six girls ages 14-16 for massages and sex at his home. She said they were paid $200 per session.

Cops also allege that Epstein's personal assistant, Sarah Kellen, who hasn't been charged, set up the liaisons and put fresh sheets on the massage table and supplied massage oils. Police searched through Epstein's garbage and retrieved sex toys and feminine hygiene products.

Epstein's Palm Beach lawyer, Jack Goldberger, told Page Six that the Florida state attorney concluded the cops had looked at evidence from a "one-sided perspective." He added that Epstein had passed an extensive lie-detector test in which he was grilled about underage girls.

Epstein's New York lawyer, Gerald Lefcourt, said, "The prosecutor didn't want to bring any charges in this case, but because of the craziness of this police chief, we have the charge of solicitation."

Last night, WPTV in Palm Beach reported that one reason Robson's testimony may have been dismissed is the kinky Web page she has on MySpace featuring photos of her female friends playing with sex toys. One friend even uses the name "Pimpin' Made EZ." Robson, who isn't charged, also writes, "Do what you do to make that money, life is a gamble. Stay hustling."

A spokeswoman for Reiter said, "We think our investigation speaks for itself."

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NewYork Post – 09/20/2007

JAIL LOOMS FOR SEX-CASE MOGUL
September 20, 2007 -- THE sordid sex case involving Jeffrey Epstein may be coming to an unhappy ending -with a plea deal that would put the publicity-shy billionaire behind bars for 15 months for allegedly soliciting underage teen girls for sex at his Palm Beach mansion.

Sources tell Page Six that Epstein's high-powered lawyers - including Alan Dershowitz, Gerald Lefcourt, Roy Black and Kenneth Starr - have been negotiating a deal with federal prosecutors who are probing, among other things, whether the gray-haired money manager paid West Palm Beach girls for sex or transported them across state lines. Epstein is currently charged by the State of Florida with soliciting young prostitutes for sex - but federal charges would be far more serious.

The Palm Beach Post reported yesterday that Epstein is very close to a deal with the feds that would send him to jail for 1½ to 2 years. Sources tell us that while a deal has not yet solidified, what's under discussion is a guilty plea to at least one charge in exchange for a sentence of 15 months in a Florida state prison, followed by 15 months of home confinement. That would be a fraction of the time he would have to serve if he were to be convicted by a jury.

Epstein's spokesman, Howard Rubenstein, said his client would have no comment. Dershowitz also declined to comment late yesterday.

Palm Beach police records show that on March 15, 2005, a 14-year-old girl alleged she had visited Epstein's estate, where she partially stripped and gave him a massage during which he "pulled out a purple vibrator" and used it on her in exchange for $300. A further probe uncovered five young women who said Epstein had masturbated and touched their genitals during massages, the records state. A woman named Haley Robson - who described herself as "like a Heidi Fleiss" - later admitted bringing six girls between the ages of 14 and 16 to Epstein's house, according to cops.

Despite the allegations, Epstein was only nailed on a single charge of soliciting a hooker - but it sparked a federal probe. Epstein's lawyers and friends have insisted he was the hapless victim of a vendetta by Palm Beach Police Chief Michael Reiter, whom they described as a "born-again nutcase."

Palm Beach Post - 08/14/ 2006

Police chief's reputation helps discredit attacks
By Larry Keller
Palm Beach Post - Monday, August 14, 2006

In the case of Palm Beach financier Jeffrey Epstein, it seems, at times, as if two men are accused of wrongdoing: Epstein and Palm Beach Police Chief Michael Reiter.
Epstein, 53, was indicted last month on a charge of felony solicitation of prostitution solely because of Reiter's "craziness," one of Epstein's lawyers said. His department disseminated "a distorted view of the case" and behaved in a "childish" manner when the grand jury didn't indict Epstein on the charges it sought, another Epstein lawyer complained.

To hear the Epstein camp tell it, Reiter, 48, is a loose cannon better suited to be the sheriff of Mayberry. They whisper that he's embroiled in a messy divorce.
Reiter did in fact file for divorce from his wife, (NAME REMOVED), last year, after 24 years of marriage. They have a son, 18, and a daughter, 14. The couple is scheduled to go to mediation next week, Aug. 16. Nothing in the court file suggests their split is particularly ugly.

Reiter incurred the wrath of the Epstein camp as well as the state attorney's office for two reasons. First, he pressed for Epstein to be charged with the more serious crimes of sexual activity with minors. Second, he slammed State Attorney Barry Krischer in blunt language seldom used by one law-enforcement official concerning another because of what he perceived as that office's mishandling of the case.

In a letter to Krischer written May 1, Reiter called his actions in the Epstein case "highly unusual." He added, "I must urge you to... consider if good and sufficient reason exists to require your disqualification from the prosecution of these cases." In short, Reiter told the county's top prosecutor for the past 13 years that he ought to get off the case. "It looks like a departure from professionalism," Miami-Dade State Attorney Katherine Fernandez Rundle said of Reiter's letter.

Following Epstein's indictment, Reiter referred the case to the FBI to determine whether the super-rich, super-connected defendant had violated any federal laws. Reiter won't discuss the case or the broadsides aimed at him. But others almost uniformly use one word to describe the chief: professional.

"I have always been impressed by Mike's professionalism and his leadership," said Rick Lincoln, chief of the Lantana Police Department and a Palm Beach County cop for 32 years. "The town of Palm Beach has a very professional police department. We all consider Mike to be our peer and a man of integrity." Juno Beach Police Chief H.C. Clark II agreed. Although he doesn't know Reiter well, he has met with him on countywide law enforcement issues. "I've never seen him lose his cool. I've never seen anything but a professional demeanor from him."

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And he's no novice at investigations involving the island's rich and famous. He was the lead detective probing the drug overdose death of David Kennedy in 1984. He also was one of the officers who worked the investigation of William Kennedy Smith, who was charged in 1991 — and later acquitted — with raping a woman at the Kennedy family compound in Palm Beach.

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Elwell, who promoted Reiter from assistant chief to chief in March 2001. Reiter makes more than $144,000 as the town's top cop. Elwell thinks he's worth it. He's very businesslike, very straightforward. He's not easily agitated or flamboyant. He's about the work," Elwell said. "I think that his service as chief has been outstanding in five-plus years."

New York Times – 09/03/2006

Questions of Preferential Treatment Are Raised in Sex Case Against Money Manager - September 3, 2006

By ABBY GOODNOUGH

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In sworn statements to the police, the 14-year-old and other teenage girls said a friend had arranged for them to visit Mr. Epstein's home and give him massages, usually in their underwear, in exchange for cash.

Most of the girls, according to the police, said Mr. Epstein had masturbated during the massages, and a few said he had penetrated them with his fingers or penis. They identified him in photos and accurately described the inside of his home. Some recalled that his employees had fed them snacks or rented them cars.

Mr. Epstein pleaded not guilty in August to the crime he was ultimately charged with, soliciting prostitution. But at a time when prosecutors around the nation have become increasingly severe in dealing with people accused of sex offenses, the case has raised questions about whether Mr. Epstein's prominence won him preferential treatment.

By the account of the police, they found probable cause to charge Mr. Epstein with much more serious offenses: one count of lewd and lascivious molestation and four counts of unlawful sexual activity with a minor.

But instead of proceeding with such charges on his own, the Palm Beach County state attorney took the rare step of presenting a broad range of possible charges to a grand jury, which indicted Mr. Epstein in July on the lesser count. In Florida, prosecutors usually refer only capital cases to grand juries.

Even before the indictment, the Palm Beach police chief, Michael Reiter, had accused prosecutors of giving Mr. Epstein special treatment and asked the state attorney, Barry E. Krischer, to remove himself from the case.

In an editorial, The Palm Beach Post attacked Mr. Krischer, a Democrat whose post is elective, saying the public had been left "to wonder whether the system tilted in favor of a wealthy, well-connected alleged perpetrator and against very young girls who are alleged victims of sex crimes."

The case has taken a toll on the reputation of Mr. Epstein, who owns a palatial home in Manhattan, has pledged $30 million to Harvard and once flew former President Bill Clinton on his 727. Politicians including Eliot Spitzer, a Democratic candidate for governor in New York, and Gov. Bill Richardson of New Mexico, also a Democrat, have returned campaign contributions from him.

But Mr. Epstein fought back, assembling a team of star lawyers, including Gerald B. Lefcourt and Alan M. Dershowitz, a friend of his, to look into the backgrounds of his young accusers.

Mr. Lefcourt says that the police acted "outrageously" and that his client has been wrongfully dragged through the mud.

"He disputes that he ever had sex with any under-age person or anything like that," said Mr. Lefcourt, whose clients have included Russell Crowe, Martha Stewart and Abbie Hoffman.

Neither the police nor the state attorney's office would discuss the case in detail. But the police released a thick report on the 13-month investigation after the indictment was unsealed in late July.

The police started investigating Mr. Epstein in March 2005, almost immediately after they were contacted by the stepmother of the 14-year-old, who, according to the report, was in a special school for students with disciplinary problems.

The girl, the report said, told the police that an older friend had "offered her an opportunity to make money" and had driven her to Mr. Epstein's house one Sunday. The friend, identified by the police as Haley Robson, a local community college student, told the girl to say she was 18 if Mr. Epstein asked, the report said.

The girl told the police that Mr. Epstein's assistant had led her upstairs to a room with a massage table and that Mr. Epstein had come in and told her to remove her clothes. She said Mr. Epstein had masturbated as she massaged him, had pressed a vibrator against her underwear and had given her $300 afterward.

In October, the police interviewed Ms. Robson, then 19, who told them Mr. Epstein had routinely paid her to bring teenage girls to his home. The police then interviewed a total of 5 alleged victims and 17 witnesses, many of whom told similar stories about what they had observed or participated in at Mr. Epstein's home. According to the report, at least one said Mr. Epstein had engaged in intercourse with her.

Mr. Lefcourt, his lawyer, said one girl who told the police of having had sex with Mr. Epstein as a minor had lied about both the sex and her age and had not shown up for grand jury questioning. He also said Mr. Epstein had passed a lie-detector test clearing him of any sexual involvement with under-age girls.

A spokeswoman for the Palm Beach police said that early this year, the police went to Mr. Krischer, the state attorney, intending to apply for warrants to arrest Mr. Epstein. Instead, she said, they were told that Mr. Krischer would convene a grand jury to examine the evidence and decide what charges, if any, to bring.

Around that time, the police report said, Mr. Dershowitz met with prosecutors to share information about the accusers, including statements they had posted on MySpace.com, the social networking site, concerning use of drugs and alcohol. According to the report, Mr. Krischer's office then decided to delay the grand jury session for several months.

The Palm Beach police grew frustrated, the report said, and on May 1 the department asked prosecutors to approve warrants to arrest Mr. Epstein.

Chief Reiter also wrote Mr. Krischer questioning "the unusual course that your office's handling of this matter has taken" and suggesting that Mr. Krischer disqualify himself. Chief Reiter refused several requests to be interviewed, and his spokeswoman would not say explicitly why he had urged the prosecutor to step aside.

Mike Edmondson, a spokesman for Mr. Krischer, said the state attorney's office sometimes sent noncapital cases to grand juries when there were questions about witness credibility. Mr. Krischer does not recommend a particular charge in such cases, Mr. Edmondson said, but gives the grand jury a list of possible charges.

Bruce J. Winick, a law professor at the University of Miami, said that while prosecutors in Florida rarely referred noncapital cases to grand juries, they sometimes did so with sensitive cases to be extra-cautious.

Mr. Lefcourt said the police were wrong to have released the report so soon, especially without correcting information that later proved wrong. He cited his assertion that one accuser had lied about her age, adding that she had also been arrested on drug charges and had been fired by her employer for stealing.

"What I'm trying to focus on," Mr. Lefcourt said, "is, What's motivating the selective and misleading release of information to the public?"

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New York Times – 06/30/08

July 1, 2008

Financier Starts Sentence in Prostitution Case

By LANDON THOMAS Jr.

The bad news arrived by phone last week on Little St. James Island, the palm-fringed Xanadu in the Caribbean where Jeffrey E. Epstein, adviser to billionaires, lives in secluded splendor.

Report to the Palm Beach County jail, the caller, Mr. Epstein's lawyer, said.

So over the weekend Mr. Epstein quit his pleasure dome, with its staff of 70 and its flamingo-stocked lagoon, and flew to Florida. On Monday morning, he turned himself in and began serving 18 months for soliciting prostitution.

"I respect the legal process," Mr. Epstein, 55, said by phone as he prepared to leave his 78-acre island, which he calls Little St. Jeff's. "I will abide by this."

It is a stunning downfall for Mr. Epstein, who grew up in Coney Island and went on to live the life of a billionaire, only to become a tabloid monument to an age of hyperwealth. Mr. Epstein owns a Boeing 727 and the largest town house in Manhattan. He has paid for college educations for personal employees and students from Rwanda, and spent millions on a project to develop a thinking and feeling computer and on music intended to alleviate depression.

But Mr. Epstein also paid women, some of them under age, to give him massages that ended with a sexual favor, the authorities say.

Federal prosecutors initially threatened to bring him to trial on a variety of charges and seek the maximum penalty, 10 years in prison. After years of legal wrangling, Mr. Epstein pleaded guilty to lesser state charges.

Upon his release from jail, he must register as a sex offender wherever he goes in the United States.

People from all walks of life break the law, of course. But for the rich, wrapped in a cocoon of immense comfort, it can be easy to yield to temptation, experts say.

"A sense of entitlement sets in," said Dennis Pearne, a psychologist who counsels people on matters related to extreme wealth. The attitude, he said, becomes, "I deserve anything I want, I can have anything I want — and I can afford it."

To prosecutors, Mr. Epstein is just another sex offender. He did what he did because he could, and because he never dreamed he would get caught, they say. Mr. Epstein's defenders counter that he has been unjustly persecuted because of his wealth and lofty connections.

Sitting on his patio on "Little St. Jeff's" in the Virgin Islands several months ago, as his legal troubles deepened, Mr. Epstein gazed at the azure sea and the lush hills of St. Thomas in the distance, poked at a lunch of crab and rare steak prepared by his personal chef, and tried explain how his life had taken such a turn. He likened himself to Gulliver shipwrecked among the diminutive denizens of Lilliput.

"Gulliver's playfulness had unintended consequences," Mr. Epstein said. "That is what happens with wealth. There are unexpected burdens as well as benefits."

Those benefits are on full display on his island where, despite his time in jail, Mr. Epstein has commissioned a new estate. The villa will occupy the island's promontory, which offers views of the Atlantic on one side and the Caribbean on the other. It will have a separate library to house Mr. Epstein's 90,000 volumes, a Japanese bathhouse and what he calls a "Ziegfeld" movie theater.

For now, however, those visions of a private paradise have been replaced by the cold reality of a jail cell.

The legal drama began in 2005, when a young woman who gave Mr. Epstein massages at his Palm Beach mansion told the local police about the encounter. She was 14 at the time, and was paid $200.

The police submitted the results of their investigation to the state attorney, asking that Mr. Epstein be charged with sexual relations with minors. His lawyers say Mr. Epstein never knew the young women were under age, and point to depositions in which the masseuses — several of whom have filed civil suits — admitted to lying about their age.

In July 2005, a Florida grand jury charged Mr. Epstein with a lesser offense, soliciting prostitution. Mr. Epstein's legal team, which would eventually include the former prosecutor Kenneth W. Starr and the Harvard law professor Alan M. Dershowitz, was elated: Mr. Epstein would avoid prison.

But then the United States attorney's office in Miami became involved. Last summer, Mr. Epstein got an ultimatum: plead guilty to a charge that would require him to register as a sex offender, or the government would charge him with sexual tourism, according to people who were briefed on the discussions.

David Weinstein, an attorney in the government's Miami office, declined to discuss the specifics of the case. But he did address the subject of Mr. Epstein's means and prominent legal team, and dismissed a proposal by Mr. Epstein's lawyers — who opposed the application of federal statutes in the case — that he be confined to his house in Palm Beach for a probationary period.

“In their mind that would be an adequate resolution,” Mr. Weinstein said. “Our view is that is not enough of a punishment to fit the crime that occurred.”

The lurid details of the case have captivated wealthy circles in Palm Beach and New York and transformed Mr. Epstein, who shuns publicity and whose business depends on discretion, into a figure of public ridicule.

He said he has been trailed by stalkers and has become the target of lawsuits. In recent months, he said, he received over 100 letters a week asking for money or jobs as a masseuse. He recently received a package of gold-tinted condoms.

It has been a long, strange journey from Coney Island, where Mr. Epstein grew up in middle-class surroundings. He taught briefly at Dalton, the Manhattan private school, and then joined Bear Stearns, becoming a derivatives specialist. He struck out on his own in the 1980s.

His business is something of a mystery. He says he manages money for billionaires, but the only client he is willing to disclose is Leslie H. Wexner, the founder of Limited Brands.

As Mr. Epstein explains it, he provides a specialized form of superelite financial advice. He counsels people on everything from taxes and trusts to prenuptial agreements and paternity suits, and even provides interior decorating tips for private jets. Industry sources say he charges flat annual fees ranging from $25 million to more than $100 million.

As it became clear that he was headed for jail, Mr. Epstein has tried to put on a brave face. “Your body can be confined, but not your mind,” he said in a recent interview by phone.

But the strains were showing. “I am anxious,” he said in another recent interview, referring to how inmates would treat him. “I make a great effort to treat people equally, but I recognize that I might be perceived as one of the New York arrogant rich.”

Jail will certainly be a big change. Mr. Epstein is a man of precise, at times unconventional, habits. He starts his mornings with a secret-ingredient bran muffin prepared by his chef. He seems to have a germ phobia. He never wears a suit, preferring monogrammed sweatsuits and jeans. And he rarely attends meetings — “I never have to be anywhere,” he tells his pilots, when he cautions them to avoid flying through chancy weather.

Looking back, Mr. Epstein admits that his behavior was inappropriate. “I am not blameless,” he said. He said he has taken steps to make sure the same thing never happens again.

For starters, Mr. Epstein has hired a full-time male masseur (the man happens to be a former Ultimate Fighting champion). He also has organized what he calls a board of directors of friends to counsel him on his behavior.

And Mr. Epstein has changed his e-mail address to alert people that he will be unavailable for the next 18 months. The new address indicates he is “on vacation.”

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From: Jeffrey Epstein [jeevacation@gmail.com]
Sent: 2/26/2010 6:37:49 PM
To: Robert D. Critton Jr.[redacted]; Jessica Cadwell[redacted]
Subject: Fwd: Fw: Epstein -- I apologize if you have received this but it keeps coming back to me as undeliverable

---------- Forwarded message ----------
From: **Jeffrey Epstein** <jeevacation@gmail.com>
Date: Fri, Feb 26, 2010 at 9:59 AM
Subject: Fwd: Fw: Epstein -- I apologize if you have received this but it keeps coming back to me as undeliverable
To: "Alan M. Dershowitz" [redacted], Martin Weinberg [redacted]

---------- Forwarded message ----------
From: [redacted]
Date: Wed, Feb 24, 2010 at 5:58 AM
Subject: Fw: Epstein -- I apologize if you have received this but it keeps coming back to me as undeliverable
To: jeevacation@gmail.com

-----Forwarded by Public Records/PalmBeach on 02/24/2010 05:58AM -----

To:[redacted]
From: Michael Reiter/PalmBeach
Date: 07/10/2008 02:36PM
Subject: Epstein -- I apologize if you have received this but it keeps coming back to me as undeliverable

Margie,

" As you know, nothing too big or too small for us, especially in the summer " Hmmmmm. I have to be direct -- you or someone at your paper was very astute in checking the Clerk and Comptroller's computer and activity in the Epstein case two days before the hearing. As result, you sent me a text message on Saturday asking what the activity was about and I confirmed that the plea would take place. You were the only member of the news media that I talked with. And yet, after the case is completely over, the Palm Beach Daily News' editorial staff remains silent on the topic.

Thanks,
Mike

Palm Beach Post Editorial

Monday, July 07, 2008

Two years after a grand jury indicted him on a felony charge of solicitation of prostitution, Jeffrey Epstein finally admitted that he lured a teenage girl to his $8.5 million, 13,000-square-foot Palm Beach mansion for sex. A week ago, the 55-year-old investment banker began serving 18 months in jail.

But that plea deal - guilty of felony solicitation of prostitution and procuring a person under the age of 18 for prostitution - does not account for all five of the girls, one as young as 14, who alleged that Epstein sexually abused them. And why is Epstein serving his term in the overcrowded Palm Beach County Jail and not a state prison, where inmates are sent if their sentences are longer than one year?

The slow, dissatisfying resolution of the case sends a message to the public that there's a different system of justice for the wealthy who hire high-powered lawyers. Epstein's legal team included West Palm Beach defense attorney Jack Goldberger, Harvard Law School Professor Alan Dershowitz, who defended O.J. Simpson against murder charges, and Kenneth Starr, the prosecutor who pursued then-President Bill Clinton for lying about sex with young women.

Palm Beach police spent 11 months investigating Epstein before State Attorney Barry Krischer sent the case to a grand jury, instead of charging Epstein so the man who once boasted of accepting only billionaire clients could face a trial. The police had taken a high school transcript, class schedules and phone messages from Epstein's home that showed he knew the girls were underage. Yet Mr. Krischer was more swayed by Epstein's lawyers, who attempted to impugn the girls' character by showing they had chatted on myspace.com about smoking marijuana and drinking. He should have let a jury decide whether the victims - and Epstein - were credible.

Ultimately, one charge against Epstein finally reflected the age of one victim, and the plea agreement left Epstein labeled a sex offender. With that additional charge, if Epstein had been convicted at a trial, he could have been sentenced to anything from probation to 15 years in prison, Assistant State Attorney Lanna Belohlavek said, adding that the recommended guideline sentence was 21 months.

Epstein also won't have to certify to the court that he is receiving counseling, typically required of sex offenders, because he has a private psychiatrist. But without court supervision, who will ensure Epstein is in fact being treated?

The plea deal also drops a federal investigation of Epstein. If a federal investigation was warranted, how does dropping it before completion benefit the public?

Epstein preyed on girls and denied it. For three years, his wealth and the influence of his lawyers bought him the protection the state attorney owed to the victims.

Police chief's reputation helps discredit attacks

By Larry Keller

Palm Beach Post Staff Writer

Monday, August 14, 2006

In the case of Palm Beach financier Jeffrey Epstein, it seems, at times, as if two men are accused of wrongdoing: Epstein and Palm Beach Police Chief Michael Reiter.

Epstein, 53, was indicted last month on a charge of felony solicitation of prostitution solely because of Reiter's "craziness," one of Epstein's lawyers said. His department disseminated "a distorted view of the case" and behaved in a "childish" manner when the grand jury didn't indict Epstein on the charges it sought, another Epstein lawyer complained. To hear the Epstein camp tell it, Reiter, 48, is a loose cannon better suited to be the sheriff of Mayberry. They whisper that he's embroiled in a messy divorce.

Reiter did in fact file for divorce from his wife, Jill, last year, after 24 years of marriage. They have a son, 18, and a daughter, 14. The couple is scheduled to go to mediation next week, Aug. 16. Nothing in the court file suggests their split is particularly ugly.

Reiter incurred the wrath of the Epstein camp as well as the state attorney's office for two reasons. First, he pressed for Epstein to be charged with the more serious crimes of sexual activity with minors. Second, he slammed State Attorney Barry Krischer in blunt language seldom used by one law-enforcement official concerning another because of what he perceived as that office's mishandling of the case.

In a letter to Krischer written May 1, Reiter called his actions in the Epstein case "highly unusual." He added, "I must urge you to... consider if good and sufficient reason exists to require your disqualification from the prosecution of these cases."

In short, Reiter told the county's top prosecutor for the past 13 years that he ought to get off the case. "It looks like a departure from professionalism," Miami-Dade State Attorney Katherine Fernandez Rundle said of Reiter's letter.

Following Epstein's indictment, Reiter referred the case to the FBI to determine whether the super-rich, super-connected defendant had violated any federal laws.

Reiter won't discuss the case or the broadsides aimed at him. But others almost uniformly use one word to describe the chief: professional.

"I have always been impressed by Mike's professionalism and his leadership," said Rick Lincoln, chief of the Lantana Police Department and a Palm Beach County cop for 32 years.

"The town of Palm Beach has a very professional police department. We all consider Mike to be our peer and a man of integrity."

Juno Beach Police Chief H.C. Clark II agreed. Although he doesn't know Reiter well, he has met with him on countywide law enforcement issues. "I've never seen him lose his cool. I've never seen anything but a professional demeanor from him."

Reiter joined the Palm Beach Police Department in 1981, leaving a $20,000-a-year patrol job at the University of Pittsburgh. His personnel jacket shows consistently excellent job evaluations.

Posh Palm Beach is no hotbed of crime, and in his first year on the job, a resident confined to his home with a sick child thanked Reiter for delivering a few Cokes to the house. Reiter refused payment for the beverages. Another resident thanked Reiter for shutting off his car's headlights in his driveway, saying a valet must have been at fault.

Reiter worked everything from road patrol to organized crime, vice and narcotics. And he's no novice at investigations involving the island's rich and famous. He was the lead detective probing the drug overdose death of David Kennedy in 1984. He also was one of the officers who worked the investigation of William Kennedy Smith, who was charged in 1991 — and later acquitted — with raping a woman at the Kennedy family compound in Palm Beach.

Reiter, who has a master's degree in human resource development from Palm Beach Atlantic University, also has attended the FBI National Academy in Quantico, Va., and management courses at Harvard. He's been active in countywide interagency law enforcement organizations and has a "top secret" national security clearance.

"He has a perspective that's broader than just addressing the needs of the town," said Town Manager Peter Elwell, who promoted Reiter from assistant chief to chief in March 2001. Reiter makes more than $144,000 as the town's top cop. Elwell thinks he's worth it.

"He's very businesslike, very straightforward. He's not easily agitated or flamboyant. He's about the work," Elwell said. "I think that his service as chief has been outstanding in five-plus years."

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The information contained in this communication is
confidential, may be attorney-client privileged, may
constitute inside information, and is intended only for
the use of the addressee. It is the property of
Jeffrey Epstein

Unauthorized use, disclosure or copying of this
communication or any part thereof is strictly prohibited
and may be unlawful. If you have received this
communication in error, please notify us immediately by
return e-mail or by e-mail to jeevacation@gmail.com, and
destroy this communication and all copies thereof,
including all attachments.

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communication in error, please notify us immediately by
return e-mail or by e-mail to jeevacation@gmail.com, and
destroy this communication and all copies thereof,
including all attachments.

From: Jeffrey Epstein [jeevacation@gmail.com]
Sent: 2/26/2010 6:41:25 PM
To: Robert D. Critton Jr.[redacted]; Jessica Cadwell [redacted]
Subject: Fwd: Fw: Epstein News Articles
Attachments: Epstein combined articles.pdf

---------- Forwarded message ----------
From: **Jeffrey Epstein** <jeevacation@gmail.com>
Date: Fri, Feb 26, 2010 at 10:01 AM
Subject: Fwd: Fw: Epstein News Articles
To: "Alan M. Dershowitz" [redacted], Martin Weinberg[redacted]

---------- Forwarded message ----------
From: [redacted]
Date: Wed, Feb 24, 2010 at 5:53 AM
Subject: Fw: Epstein News Articles
To: jeevacation@gmail.com

-----Forwarded by Public Records/PalmBeach on 02/24/2010 05:53AM -----

To:[redacted]
From: Michael Reiter/PalmBeach
Date: 08/12/2008 09:33PM
Subject: Epstein News Articles

(See attached file: Epstein combined articles.pdf)

Joyce,

I am looking forward to meeting with you on Wednesday. Please find below (and attached as a PDF file), some background information for your reference. Thanks for agreeing to have this discussion.

Regards,
Mike

Palm Beach Post Editorial #1

He was over 50. And they were girls

By Elisa Cramer

HASH(0x5fa474)

Friday, August 04, 2006

If the women whom Palm Beach police say a part-time town resident invited to his home and paid for sex acts were, in fact, women, the solicitation charge against Jeffrey Epstein might feel more sufficient. But, according to police records, they weren't. He was over 50. And they were girls. 14. 15.16.17-year-old girls. That should count for something -

the difference between prostitution and pedophilia.

So, it is baffling that Mr. Epstein, who was indicted last month by a grand jury on one felony count of solicitation of prostitution, has not been charged, as Palm Beach police strenuously urged, with unlawful sex acts with a minor and lewd and lascivious molestation.

Conviction of crimes against minors would mean steeper penalties than the maximum five-year prison term Mr. Epstein faces if convicted of the single count of felony solicitation. It also would help carry a message of intolerance to perverts who prey on girls.

Prosecutors did not pursue charges against Mr. Epstein reflecting the age of the victims because they assumed a jury would view the girls not as victims but as promiscuous, untrustworthy, willing participants. The presumption is offensive.

Mr. Epstein, a 53-year-old Manhattan money manager who has hired Harvard law professor Alan Dershowitz and defense attorney Jack Goldberger, has denied knowing how old the girls were. But police interviews with five alleged victims and 17 witnesses under oath, as well as phone messages, a high school transcript and other items that police found from searching Mr. Epstein's trash and 7,234-square-foot waterfront home, provide evidence that he knew the girls were teenagers.

One girl couldn't show up when Mr. Epstein wanted because she had soccer. Another time, Mr. Epstein had to wait for his "massage" session because the girl he wanted was still in class.

Why didn't State Attorney Barry Krischer let a jury decide whether to believe the teenagers - including a 16-year-old who went to Mr. Epstein's house to "work" in December 2004 after being asked whether she needed to make money for Christmas gifts?

Prosecutors gave greater weight to the details Mr. Dershowitz provided about the girls in an apparent effort to assail their character. Mr. Dershowitz pointed out to prosecutors that some of the teenagers had talked on myspace.com about marijuana and alcohol use.

The 20-year-old Royal Palm Beach woman who told police she recruited girls for Mr. Epstein has a Web page on myspace.com that features one girl using the name "Pimpin' Made EZ."

Although no charges of witness tampering have been filed, the parents of at least one of the teenage victims complained to police of being followed and intimidated by two men. Police determined that their vehicles were registered to two private investigators. Mr. Goldberger denied knowing anything about it.

Police also note in their reports that the state attorney's office offered Mr. Epstein a plea deal that would have placed him on probation for five years, allowing him ultimately to walk away with no criminal record at all.

I asked Mr. Krischer's spokesman, Mike Edmondson, why the case was referred to a grand jury instead of Mr. Epstein being charged and facing a trial before a jury. And shouldn't the victims' credibility be a factor to determine whether a crime's been committed, not whether a jury will convict? (After all, as Mr. Goldberger told The Palm Beach Post of Mr. Epstein, "He's never denied girls came to the house.")

Especially, I asked Mr. Edmondson to explain: Why shouldn't the public look at this case and think there are two kinds of justice - one for the wealthy and one for the rest of us?
Mr. Edmondson said he could not comment on the case because it is active, but on the latter point, he offered, for the sake of "philosophical debate": "Whether wealth buys a different standard of justice across the country ... the answer to that would, of course, be yes."
But in this case, he said, "regardless of the battery of attorneys, the outcome would be the same. Every issue that was debated in public was debated in our office before this case went to the grand jury."
In this case, it is not the victims' credibility but the state attorney's that deserves questioning.

Palm Beach Post Editorial #2

Massaging the system
Palm Beach Post Editorial
Thursday, August 10, 2006

Palm Beach police say their 11-month investigation shows that 53-year-old part-time town resident Jeffrey Epstein committed unlawful sex acts with and lewd and lascivious molestation on five underage girls. Defense attorney Jack Goldberger claims that his client, Jeffrey Epstein, had no idea that the untrained girls he hired for massages were minors.
The Palm Beach Count State Attorney's Office could have let a jury decide whom to believe. Instead, State Attorney Barry Krischer left the public to wonder whether the system tilted in favor of a wealthy, well-connected alleged perpetrator and against very young girls who are alleged victims of sex crimes.
Mr. Krischer took the unusual step of referring the case to a grand jury, which last month indicted Jeffrey Epstein on one felony count of solicitation of prostitution. That decision came after Harvard law Professor Alan Dershowitz met with prosecutors to undermine the credibility of the 14- to 17-yearold girls who charged that Mr. Epstein had paid them $200 to $300 to undress and massage him in his five-bedroom, 7 1/2 -bath home on the Intracoastal Waterway.
The girls, Mr. Dershowitz told prosecutors, had written on myspace.com about smoking marijuana and drinking alcohol. But if the girls have a credibility problem, what about Jeffrey Epstein? Mr. Goldberger, told The Post: "Mr. Epstein absolutely insisted anybody who came to his house be over the age of 18. How he verified that, I don't know." And prosecutors took him at his word?
Police collected evidence that refutes Jeffrey Epstein's defense. Police searched his home and garbage and found phone messages about the girls' school schedules and even a high school transcript, suggesting that Mr. Epstein at least knew that the girls were teenagers.
The state attorney's office has responded to criticism from Palm Beach police and others by noting the higher standard prosecutors face for conviction than law-enforcement officers do for arrest. But in this case, the state attorney bowed to the risk that a jury might look at both Jeffrey Epstein and the girls, and point fingers at both sides.
Even if the girls could be impugned as prostitutes, solicitation of a minor is a crime.

Former disc jockey and teacher Bruno Moore was charged with that Tuesday. Investigators say the 34-year-old used the Internet - myspace.com - to recruit a 13-year old.

Police say Jeffrey Epstein used a 20-year-old woman who had a myspace.com account to recruit young girls. His actions were sleazy. It would have been good to ask a jury just how criminal they were.

Palm Beach Post Editorial #3

Spare us the outrage

Wednesday, February 13, 2008

An 11-month police investigation led to an indictment on one felony charge of solicitation of prostitution. That was in July 2006, and part-time Palm Beacher Jeffrey Epstein still has faced no repercussions for allegedly preying on underage girls.

So maybe Mr. Epstein is satisfied that he's getting his money's worth from his large legal team, which includes Harvard Law School Professor Alan Dershowitz (remember O.J. Simpson?) and Kenneth Starr (remember Monica Lewinsky?). Jack Goldberger of West Palm Beach, who's also on the team, told Post columnist Jose Lambiet in November: "This case is absolutely going to end without a trial within the next two months."

He was wrong, but Mr. Goldberger remains on Mr. Epstein's payroll, feigning moral outrage at two lawsuits filed this year against the Manhattan money manager. The lawsuits allege sexual exploitation of teenaged girls, one of them as young as 14. Said Mr. Goldberger after the first lawsuit, seeking more than $50 million, was filed on Jan. 24: "We think this shows what this case is all about: money." Yes, it is - Mr. Epstein's effort to buy his way out of prosecution.

According to the lawyer of a 17-year-old whose parents are suing him, Mr. Epstein masturbated in front of her (she was 14 at the time) and used a vibrator on her at his home in February 2005. Another Epstein attorney, Lilly Ann Sanchez dismissed it: "Jeffrey Epstein did not have sex with this woman."

For those girls who claim that he did, Mr. Epstein's lawyers maintain that he did not know their ages, despite a police search of his home and garbage that found phone messages about the girls' school schedules and even a high school transcript. For all of his money, Mr. Epstein's best defense remains "I didn't know that I was a criminal pervert"?

Palm Beach Post Editorial #4

Rich man fought the law and he mostly won

Palm Beach Post Editorial

Monday, July 07, 2008

Two years after a grand jury indicted him on a felony charge of solicitation of prostitution, Jeffrey Epstein finally admitted that he lured a teenage girl to his $8.5 million, 13,000-square-foot Palm Beach mansion for sex. A week ago, the 55-yearold investment banker began serving 18 months in jail.

But that plea deal - guilty of felony solicitation of prostitution and procuring a person under the age of 18 for prostitution - does not account for all five of the girls, one as young as 14, who alleged that Epstein sexually abused them. And why is Epstein serving his term in the overcrowded Palm Beach County Jail and not a state prison, where inmates are sent if their sentences are longer than one year?

The slow, dissatisfying resolution of the case sends a message to the public

Post your that there's a different system of justice for the wealthy who hire highcomments powered lawyers. Epstein's legal team included West Palm Beach defense on this attorney Jack Goldberger, Harvard Law School Professor Alan Dershowitz, who defended O.J. Simpson against murder charges, and Kenneth Starr, the prosecutor who pursued then-President Bill Clinton for lying about sex with young women.

Palm Beach police spent 11 months investigating Epstein before State Attorney Barry Krischer sent the case to a grand jury, instead of charging Epstein so the man who once boasted of accepting only billionaire clients could face a trial. The police had taken a high school transcript, class schedules and phone messages from Epstein's home that showed he knew the girls were underage. Yet Mr. Krischer was more swayed by Epstein's lawyers, who attempted to impugn the girls' character by showing they had chatted on myspace.com about smoking marijuana and drinking. He should have let a jury decide whether the victims - and Epstein - were credible.

Ultimately, one charge against Epstein finally reflected the age of one victim, and the plea agreement left Epstein labeled a sex offender. With that additional charge, if Epstein had been convicted at a trial, he could have been sentenced to anything from probation to 15 years in prison, Assistant State Attorney Lanna Belohlavek said, adding that the recommended guideline sentence was 21 months.

Epstein also won't have to certify to the court that he is receiving counseling, typically required of sex offenders, because he has a private psychiatrist. But without court supervision, who will ensure Epstein is in fact being treated?

The plea deal also drops a federal investigation of Epstein. If a federal investigation was warranted, how does dropping it before completion benefit the public?

Epstein preyed on girls and denied it. For three years, his wealth and the influence of his lawyers bought him the protection the state attorney owed to the victims.

New York Post – 07/27/2008

New York Post - New York, N.Y.

Date: Jul 27, 2006

Start Page: 014

Section: Page Six

Text Word Count: 395

IT looks like New York billionaire financier Jeffrey Epstein got off easy when he was hit with a charge of soliciting a prostitute for a "happy ending" in Palm Beach.

Because if Palm Beach police had their way, Epstein, 53 - who surrendered last Sunday and is out on $3,000 bail - might have been whacked with far more serious charges of paying underage girls for sex.

But a state grand jury found the witnesses in the case were not credible and threw out all but the single charge of soliciting a hooker in his luxurious Palm Beach home. Epstein's lawyers and friends now say he's the hapless victim of a vendetta by Palm Beach Police Chief Michael Reiter, whom they describe as a "born-again nut case."

According to the police investigation, a copy of which was obtained by the Palm Beach Post, detectives took statements from 17 witnesses and five alleged victims. Haley Robson, 20, a Palm Beach Community College student who described herself as "like a Heidi Fleiss," says she got naked to give Epstein a massage, then brought him six girls ages 14-16 for massages and sex at his home. She said they were paid $200 per session.

Cops also allege that Epstein's personal assistant, Sarah Kellen, who hasn't been charged, set up the liaisons and put fresh sheets on the massage table and supplied massage oils. Police searched through Epstein's garbage and retrieved sex toys and feminine hygiene products.

Epstein's Palm Beach lawyer, Jack Goldberger, told Page Six that the Florida state attorney concluded the cops had looked at evidence from a "one-sided perspective." He added that Epstein had passed an extensive lie-detector test in which he was grilled about underage girls.

Epstein's New York lawyer, Gerald Lefcourt, said, "The prosecutor didn't want to bring any charges in this case, but because of the craziness of this police chief, we have the charge of solicitation."

Last night, WPTV in Palm Beach reported that one reason Robson's testimony may have been dismissed is the kinky Web page she has on MySpace featuring photos of her female friends playing with sex toys. One friend even uses the name "Pimpin' Made EZ." Robson, who isn't charged, also writes, "Do what you do to make that money, life is a gamble. Stay hustling."

A spokeswoman for Reiter said, "We think our investigation speaks for itself."

Cops also allege that [Jeffrey Epstein]'s personal assistant, Sarah Kellen, who hasn't been charged, set up the liaisons and put fresh sheets on the massage table and supplied massage oils. Police searched through Epstein's garbage and retrieved sex toys and feminine hygiene products.

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NewYork Post – 09/20/2007

JAIL LOOMS FOR SEX-CASE MOGUL

September 20, 2007 -- THE sordid sex case involving Jeffrey Epstein may be coming to an unhappy ending -with a plea deal that would put the publicity-shy billionaire behind bars for 15 months for allegedly soliciting underage teen girls for sex at his Palm Beach mansion.

Sources tell Page Six that Epstein's high-powered lawyers - including Alan Dershowitz, Gerald Lefcourt, Roy Black and Kenneth Starr - have been negotiating a deal with federal prosecutors who are probing, among other

things, whether the gray-haired money manager paid West Palm Beach girls for sex or transported them across state lines. Epstein is currently charged by the State of Florida with soliciting young prostitutes for sex - but federal charges would be far more serious.

The Palm Beach Post reported yesterday that Epstein is very close to a deal with the feds that would send him to jail for 1½ to 2 years. Sources tell us that while a deal has not yet solidified, what's under discussion is a guilty plea to at least one charge in exchange for a sentence of 15 months in a Florida state prison, followed by 15 months of home confinement. That would be a fraction of the time he would have to serve if he were to be convicted by a jury.

Epstein's spokesman, Howard Rubenstein, said his client would have no comment. Dershowitz also declined to comment late yesterday.

Palm Beach police records show that on March 15, 2005, a 14-year-old girl alleged she had visited Epstein's estate, where she partially stripped and gave him a massage during which he "pulled out a purple vibrator" and used it on her in exchange for $300. A further probe uncovered five young women who said Epstein had masturbated and touched their genitals during massages, the records state. A woman named Haley Robson - who described herself as "like a Heidi Fleiss" - later admitted bringing six girls between the ages of 14 and 16 to Epstein's house, according to cops.

Despite the allegations, Epstein was only nailed on a single charge of soliciting a hooker - but it sparked a federal probe. Epstein's lawyers and friends have insisted he was the hapless victim of a vendetta by Palm Beach Police Chief Michael Reiter, whom they described as a "born-again nutcase."

Palm Beach Post - 08/14/ 2006

Police chief's reputation helps discredit attacks

By Larry Keller

Palm Beach Post - Monday, August 14, 2006

In the case of Palm Beach financier Jeffrey Epstein, it seems, at times, as if two men are accused of wrongdoing: Epstein and Palm Beach Police Chief Michael Reiter.

Epstein, 53, was indicted last month on a charge of felony solicitation of prostitution solely because of Reiter's "craziness," one of Epstein's lawyers said. His department disseminated "a distorted view of the case" and behaved in a "childish" manner when the grand jury didn't indict Epstein on the charges it sought, another Epstein lawyer complained.

To hear the Epstein camp tell it, Reiter, 48, is a loose cannon better suited to be the sheriff of Mayberry. They whisper that he's embroiled in a messy divorce.

Reiter did in fact file for divorce from his wife, (NAME REMOVED), last year, after 24 years of marriage. They have a son, 18, and a daughter, 14. The couple is scheduled to go to mediation next week, Aug. 16. Nothing in the court file suggests their split is particularly ugly.

Reiter incurred the wrath of the Epstein camp as well as the state attorney's office for two reasons. First, he pressed for Epstein to be charged with the more serious crimes of

sexual activity with minors. Second, he slammed State Attorney Barry Krischer in blunt language seldom used by one law-enforcement official concerning another because of what he perceived as that office's mishandling of the case.

In a letter to Krischer written May 1, Reiter called his actions in the Epstein case "highly unusual." He added, "I must urge you to... consider if good and sufficient reason exists to require your disqualification from the prosecution of these cases." In short, Reiter told the county's top prosecutor for the past 13 years that he ought to get off the case. "It looks like a departure from professionalism," Miami-Dade State Attorney Katherine Fernandez Rundle said of Reiter's letter.

Following Epstein's indictment, Reiter referred the case to the FBI to determine whether the super-rich, super-connected defendant had violated any federal laws. Reiter won't discuss the case or the broadsides aimed at him. But others almost uniformly use one word to describe the chief: professional.

"I have always been impressed by Mike's professionalism and his leadership," said Rick Lincoln, chief of the Lantana Police Department and a Palm Beach County cop for 32 years. "The town of Palm Beach has a very professional police department. We all consider Mike to be our peer and a man of integrity." Juno Beach Police Chief H.C. Clark II agreed. Although he doesn't know Reiter well, he has met with him on countywide law enforcement issues. "I've never seen him lose his cool. I've never seen anything but a professional demeanor from him."

Reiter joined the Palm Beach Police Department in 1981, leaving a $20,000-a-year patrol job at the University of Pittsburgh. His personnel jacket shows consistently excellent job evaluations. Posh Palm Beach is no hotbed of crime, and in his first year on the job, a resident confined to his home with a sick child thanked Reiter for delivering a few Cokes to the house. Reiter refused payment for the beverages. Another resident thanked Reiter for shutting off his car's headlights in his driveway, saying a valet must have been at fault. Reiter worked everything from road patrol to organized crime, vice and narcotics. And he's no novice at investigations involving the island's rich and famous. He was the lead detective probing the drug overdose death of David Kennedy in 1984. He also was one of the officers who worked the investigation of William Kennedy Smith, who was charged in 1991 — and later acquitted — with raping a woman at the Kennedy family compound in Palm Beach.

Reiter, who has a master's degree in human resource development from Palm Beach Atlantic University, also has attended the FBI National Academy in Quantico, Va., and management courses at Harvard. He's been active in countywide interagency law enforcement organizations and has a "top secret" national security clearance.

"He has a perspective that's broader than just addressing the needs of the town," said Town Manager Peter

Elwell, who promoted Reiter from assistant chief to chief in March 2001. Reiter makes more than $144,000 as the town's top cop. Elwell thinks he's worth it. He's very businesslike, very straightforward. He's not easily agitated or flamboyant. He's about the work," Elwell said. "I think that his service as chief has been outstanding in five-plus years."

New York Times – 09/03/2006

Questions of Preferential Treatment Are Raised in Sex Case Against Money Manager - September 3, 2006

By ABBY GOODNOUGH

PALM BEACH, Fla. — In the summer and autumn of last year, when most of the mansions here stood empty behind their towering hedges, the police stealthily watched one at the end of a waterside lane. They monitored the comings and goings of its owner's private jet, subpoenaed his phone records and riffled through his trash.

The owner was Jeffrey Epstein, 53, an intensely private New York money manager with several billionaire clients. Months earlier, the stepmother of a 14-year-old girl told the Palm Beach police that a wealthy older man, whom the girl later identified as Mr. Epstein, might have had inappropriate sexual contact with her.

In sworn statements to the police, the 14-year-old and other teenage girls said a friend had arranged for them to visit Mr. Epstein's home and give him massages, usually in their underwear, in exchange for cash.

Most of the girls, according to the police, said Mr. Epstein had masturbated during the massages, and a few said he had penetrated them with his fingers or penis. They identified him in photos and accurately described the inside of his home. Some recalled that his employees had fed them snacks or rented them cars.

Mr. Epstein pleaded not guilty in August to the crime he was ultimately charged with, soliciting prostitution. But at a time when prosecutors around the nation have become increasingly severe in dealing with people accused of sex offenses, the case has raised questions about whether Mr. Epstein's prominence won him preferential treatment.

By the account of the police, they found probable cause to charge Mr. Epstein with much more serious offenses: one count of lewd and lascivious molestation and four counts of unlawful sexual activity with a minor.

But instead of proceeding with such charges on his own, the Palm Beach County state attorney took the rare step of presenting a broad range of possible charges to a grand jury, which indicted Mr. Epstein in July on the lesser count. In Florida, prosecutors usually refer only capital cases to grand juries.

Even before the indictment, the Palm Beach police chief, Michael Reiter, had accused prosecutors of giving Mr. Epstein special treatment and asked the state attorney, Barry E. Krischer, to remove himself from the case.

In an editorial, The Palm Beach Post attacked Mr. Krischer, a Democrat whose post is elective, saying the public had been left "to wonder whether the system tilted in favor of a wealthy, well-connected alleged perpetrator and against very young girls who are alleged victims of sex crimes."

The case has taken a toll on the reputation of Mr. Epstein, who owns a palatial home in Manhattan, has pledged $30 million to Harvard and once flew former President Bill Clinton on his 727. Politicians including Eliot Spitzer, a Democratic candidate for governor in New York, and Gov. Bill Richardson of New Mexico, also a Democrat, have returned campaign contributions from him.

But Mr. Epstein fought back, assembling a team of star lawyers, including Gerald B.

Lefcourt and Alan M. Dershowitz, a friend of his, to look into the backgrounds of his young accusers.

Mr. Lefcourt says that the police acted "outrageously" and that his client has been wrongfully dragged through the mud.

"He disputes that he ever had sex with any under-age person or anything like that," said Mr. Lefcourt, whose clients have included Russell Crowe, Martha Stewart and Abbie Hoffman.

Neither the police nor the state attorney's office would discuss the case in detail. But the police released a thick report on the 13-month investigation after the indictment was unsealed in late July.

The police started investigating Mr. Epstein in March 2005, almost immediately after they were contacted by the stepmother of the 14-year-old, who, according to the report, was in a special school for students with disciplinary problems.

The girl, the report said, told the police that an older friend had "offered her an opportunity to make money" and had driven her to Mr. Epstein's house one Sunday. The friend, identified by the police as Haley Robson, a local community college student, told the girl to say she was 18 if Mr. Epstein asked, the report said.

The girl told the police that Mr. Epstein's assistant had led her upstairs to a room with a massage table and that Mr. Epstein had come in and told her to remove her clothes. She said Mr. Epstein had masturbated as she massaged him, had pressed a vibrator against her underwear and had given her $300 afterward.

In October, the police interviewed Ms. Robson, then 19, who told them Mr. Epstein had routinely paid her to bring teenage girls to his home. The police then interviewed a total of 5 alleged victims and 17 witnesses, many of whom told similar stories about what they had observed or participated in at Mr. Epstein's home. According to the report, at least one said Mr. Epstein had engaged in intercourse with her.

Mr. Lefcourt, his lawyer, said one girl who told the police of having had sex with Mr. Epstein as a minor had lied about both the sex and her age and had not shown up for grand jury questioning. He also said Mr. Epstein had passed a lie-detector test clearing him of any sexual involvement with under-age girls.

A spokeswoman for the Palm Beach police said that early this year, the police went to Mr. Krischer, the state attorney, intending to apply for warrants to arrest Mr. Epstein. Instead, she said, they were told that Mr. Krischer would convene a grand jury to examine the evidence and decide what charges, if any, to bring.

Around that time, the police report said, Mr. Dershowitz met with prosecutors to share information about the accusers, including statements they had posted on MySpace.com, the social networking site, concerning use of drugs and alcohol. According to the report, Mr. Krischer's office then decided to delay the grand jury session for several months.

The Palm Beach police grew frustrated, the report said, and on May 1 the department asked prosecutors to approve warrants to arrest Mr. Epstein.

Chief Reiter also wrote Mr. Krischer questioning "the unusual course that your office's handling of this matter has taken" and suggesting that Mr. Krischer disqualify himself.

Chief Reiter refused several requests to be interviewed, and his spokeswoman would not

say explicitly why he had urged the prosecutor to step aside.

Mike Edmondson, a spokesman for Mr. Krischer, said the state attorney's office sometimes sent noncapital cases to grand juries when there were questions about witness credibility. Mr. Krischer does not recommend a particular charge in such cases, Mr. Edmondson said, but gives the grand jury a list of possible charges.

Bruce J. Winick, a law professor at the University of Miami, said that while prosecutors in Florida rarely referred noncapital cases to grand juries, they sometimes did so with sensitive cases to be extra-cautious.

Mr. Lefcourt said the police were wrong to have released the report so soon, especially without correcting information that later proved wrong. He cited his assertion that one accuser had lied about her age, adding that she had also been arrested on drug charges and had been fired by her employer for stealing.

"What I'm trying to focus on," Mr. Lefcourt said, "is, What's motivating the selective and misleading release of information to the public?"

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New York Times – 06/30/08

Financier Starts Sentence in Prostitution Case -NYTimes.com Page 1 of 4 ge 1 of 4

July 1, 2008

Financier Starts Sentence in Prostitution Case

By LANDON THOMAS Jr.

The bad news arrived by phone last week on Little St. James Island, the palm-fringed Xanadu in the Caribbean where Jeffrey E. Epstein, adviser to billionaires, lives in secluded splendor.

Report to the Palm Beach County jail, the caller, Mr. Epstein's lawyer, said.

So over the weekend Mr. Epstein quit his pleasure dome, with its staff of 70 and its flamingo-stocked lagoon, and flew to Florida. On Monday morning, he turned himself in and began serving 18 months for soliciting prostitution.

"I respect the legal process," Mr. Epstein, 55, said by phone as he prepared to leave his

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From: [redacted]
Sent: Saturday, January 3, 2015 10:34 PM
To: jeffrey E.
Subject: Re:

Importance: High

I loved Alan's response...

Sent from my iPhone

On Jan 3, 2015, at 5:21 PM, jeffrey E. <jeevacation@gmail.com> wrote:

> [redacted] is detailing her version of my many parties, clinton on the island dershowitz having sex with her. . all fantasy but the press love it.
>
> On Sat, Jan 3, 2015 at 6:03 PM, [redacted] wrote:
> Why now? Something new?
>
> Sent from my iPhone
>
> On Jan 3, 2015, at 2:12 PM, jeffrey E. <jeevacation@gmail.com> wrote:
>
> > prince andrew under fire. ignore .
> >
> > On Sat, Jan 3, 2015 at 12:54 PM, [redacted] wrote:
> > Why is the press calling me?
> >
> > Sent from my iPhone
>
> --
> please note
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HOUSE_OVERSIGHT_021806

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From: [redacted]
Sent: Friday, January 9, 2015 6:56 PM
To: jeffrey E.
Subject: Re: we'll see

Importance: High

Yes, let's do it. I like most of it. Would like less personal attacks and more reasons why allegations are ridiculous..

Love the fact checking story. Just a few days ago, I toyed with the idea of posting a photo of me doing a preflight inspection and saying I wished other professions would have that requirement before putting innocent people's lives at risk.

From: jeffrey E. <jeevacation@gmail.com>
To: [redacted]
Sent: Friday, January 9, 2015 1:44 PM
Subject: Re: we'll see

I only met Jeffrey Epstein, after I was adult. (over 18). I was never, ever, his " sex slave " . obviously a lurid chauvenistic categorization. which in my opinion could only have been made by some loser of a repressed male reporter. He was always kind , funny and generous to me . These fantasy fabrications made by a delusional thief. (charged with stealing from the burger place and which she worked, though she claimed to paid thousands of dollars in cash and held at the beck and call of the genious tycoon.) . Her story telling had it been done while sleeping would have been called dreaming, if awake, hallucinaitons but to the English press they are referred to as allegations . She claimed in the minutest of detail , her dinner with President Clinton on the Caribean Island, How he arrived . (by black heli). where he sat. ,(on jeffreys left.) a 21st century tale of power , sex , money . The fact is that this story is total make believe , fabricated on purpose to gain tabloid attention ,and easily refuted by readily availalble travel records of a former president. . it defies belief that any person would take seriously such a preposterous story. little different than her telling her father that she met the queen, whoops- he believed her though her mother at the relevant time complained that she must have been engaging in satan worship and asked that she be put her in a drug home. cmon. I am currenty a professional pilot with a spotless record. I have a checklist that I follow before every flight to verify that things are what they are supposed to be , checking her story which the presss has refused to do would serve the public well. In this case human error is merely a euphmisn for hijacking the truth ,

On Fri, Jan 9, 2015 at 2:10 PM, [redacted] wrote:

> Apparently..
>
> They are now asking how my parents bought a building in town...implying it was all the money they got for selling me :)
> Getting ugly..
>
> ---
>
> **From:** jeffrey E. <jeevacation@gmail.com>
> **To:** [redacted]
> **Sent:** Friday, January 9, 2015 12:50 PM
> **Subject:** Re: we'll see

notable?

On Fri, Jan 9, 2015 at 1:44 PM, [redacted] wrote:

[redacted]

[redacted]

Definitely not gonna talk to the reporters. It doesn't feel right. Xoxoxo

Sent from Mobile

They called my friend [redacted] today and told her they are writing a story about notable people from the east and would like to talk to her about me. She didn't fall for it.. Slovakian press is going crazy now.

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From: [redacted]
Sent: Friday, January 9, 2015 7:01 PM
To: jeffrey E.
Subject: Re: we'll see

Importance: High

I know, I like where it's going..

From: jeffrey E. <jeevacation@gmail.com>
To: Nadia <nadja2102@yahoo.com>
Sent: Friday, January 9, 2015 1:59 PM
Subject: Re: we'll see

It was a first draft

On Friday, January 9, 2015, [redacted] wrote:

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From: [redacted]
Sent: Friday, January 9, 2015 7:27 PM
To: jeffrey E.
Subject: Re: we'll see

Importance: High

I'm a pilot...I prefer sex slave to copilot ;)

From: jeffrey E. <jeevacation@gmail.com>
To: Nadia <nadja2102@yahoo.com>
Sent: Friday, January 9, 2015 2:18 PM
Subject: Re: we'll see

Normally it's the copilots job to call out [redacted], in this instance I'm calling her out)):

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To: [redacted]
Sent: Friday, January 9, 2015 1:44 PM
Subject: Re: we'll see

I only met Jeffrey Epstein, after I was adult. (over 18). I was never, ever, his " sex slave " . obviously a lurid chauvenistic categorization. which in my opinion could only have been made by some loser of a repressed male reporter. He was always kind , funny and generous to me . These fantasy fabrications made by a delusional thief. (charged with stealing from the burger place and which she worked, though she claimed to paid thousands of dollars in cash and held at the beck and call of the genious tycoon.) . Her story telling had it been done while sleeping would have been called dreaming, if awake, hallucinaitons but to the English press they are referred to as

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,

On Fri, Jan 9, 2015 at 2:10 PM, [redacted] wrote:

Apparently..

They are now asking how my parents bought a building in town...implying it was all the money they got for selling me :)
Getting ugly..

From: jeffrey E. <jeevacation@gmail.com>
To: [redacted]
Sent: Friday, January 9, 2015 12:50 PM
Subject: Re: we'll see

notable?

On Fri, Jan 9, 2015 at 1:44 PM, [redacted] wrote:

[redacted]

[redacted]

Definitely not gonna talk to the reporters. It doesn't feel right. Xoxoxo

Sent from Mobile

They called my friend [redacted] today and told her they are writing a story about notable people from the east and would like to talk to her about me. She didn't fall for it.. Slovakian press is going crazy now.

--

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From: [redacted]
Sent: Friday, January 9, 2015 8:50 PM
To: jeffrey E.
Subject: Re: we'll see

Importance: High

I know, cute,, just a joke about people's unique sensitivities. You must have heard many this week. How are You doing?

From: jeffrey E. <jeevacation@gmail.com>
To [redacted]
Sent: Friday, January 9, 2015 3:15 PM
Subject: Re: we'll see

it was only meant as a pun on [redacted]

On Fri, Jan 9, 2015 at 3:26 PM, [redacted] wrote:

> I'm a pilot...I prefer sex slave to copilot ;)
>
> ---
>
> **From:** jeffrey E. <jeevacation@gmail.com>
> **To:** [redacted]
> **Sent:** Friday, January 9, 2015 2:18 PM
> **Subject:** Re: we'll see
>
> Normally it's the copilots job to call out [redacted], in this instance I'm calling her out)):
>
> On Friday, January 9, 2015, [redacted] wrote:
>
>> I know, I like where it's going..
>>
>> ---
>>
>> **From:** jeffrey E. <jeevacation@gmail.com>
>> **To:** [redacted]
>> **Sent:** Friday, January 9, 2015 1:59 PM
>> **Subject:** Re: we'll see
>>
>> It was a first draft
>>
>> On Friday, January 9, 2015, [redacted] wrote:
>>
>>> Yes, let's do it. I like most of it. Would like less personal attacks and more reasons why allegations are ridiculous..
>>>
>>> Love the fact checking story. Just a few days ago, I toyed with the idea of posting a photo of me doing a preflight inspection and saying I wished other professions would have that requirement before putting innocent people's lives at risk.

From: jeffrey E. <jeevacation@gmail.com>
To: [redacted]
Sent: Friday, January 9, 2015 1:44 PM
Subject: Re: we'll see

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To: [redacted]
Sent: Friday, January 9, 2015 12:50 PM
Subject: Re: we'll see

notable?

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[redacted] [redacted]

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From: [redacted]
Sent: Tuesday, January 20, 2015 2:19 AM
To: jeffrey E.
Subject: Re: your statement?

Importance: High

Ha, the sequel comment is great. But I don't think it's my place to discuss her accusations of other people...I know nothing about it and never met her or Clinton. The points I can legitimately address are the nature of my involvement with you and some smoking gun allegations by the other girls. I will talk to a lawyer this week.

It could really be fun if I made a viral video that showed how easily people can be fooled, followed by a statement saying the stories are obviously false. If it's fun, tabloids may cover it...

Btw, I was invited to go to Davos...does not seem like such a good idea at the moment :)

From: jeffrey E. <jeevacation@gmail.com>
To: [redacted]
Sent: Monday, January 19, 2015 7:13 PM
Subject: your statement?

I have to hand it to [redacted] I'm sure she deserves the pretty penny she has made for her effort . She has certainly caught the imagination of a public hungry for salacious fiction. To suggest her story is anything other than that, a fiction , is ludicrous. Presidents at dinner on caribean islands. (clinton was never ever there, easy to confirm). Sharing a bath with a Prince (bathtub too small even for one adult). sex slave being paid thousands of dollars. (while at the exact same time, she was working as a hostess in a burger bar). being lent out to a prime minister though this prime mininster, never out of sight of his massive security detail also never visited the island, , sex on a small airplane with a famous lawyer while the other passengers must have been all looking out the window during the event . I would have thought that her fabrications were readilly apparent , but now , being asked to deny what the press has termed her " allegations " is frankly silly. ok, to play along I deny each and every allegation . The only person she didn't suggest she was forced to have sex with , was Bilbo Baggins. , maybe its in the sequel.

ROUGH DRAFT TITLE

ROUGH DRAFT TRANSCRIPT

- - -

CASE NAME: BRADLEY J. EDWARDS and PAUL G. CASSELL vs. ALAN M. DERSHOWITZ

WITNESS NAME: PAUL G. CASSELL

DATE OF DEPOSITION: 10/16/15

- - -

This is an unedited, unproofread, uncertified transcript for attorneys' information only. This transcript may NOT be cited in documents or used for examination purposes.

This raw transcript may contain the following:

1. Conflicts - an apparently wrong word that has the same stenotype stroke as a less-used word. Conflicts are remedied by the reporter in editing.

2. Untranslates/Misstrokes - a stenotype stroke appears on the screen as the result of the computer dictionary not having the same stroke previously identified or a misstroke or partial translation of the word.

3. Reporter's notes - a parenthetical word or phrase from the reporter. Since the reporter must write each word instantly, a misunderstood word or phrase will not be apparent until some time later. Reporter's notes provide the opportunity to correct such situations.

1 THE VIDEOGRAPHER: We are now on the video
2 record. Today is Friday, the 16th day of
3 October, 2015. The time is 1:33 p.m.
4 We are here at 110 Southeast 6th Street,
5 Suite 1850, in Fort Lauderdale Florida for the
6 purpose of taking the videotaped deposition of
7 Paul G. Cassell. The case is Bradley J. Edwards
8 and Paul G. Cassell versus Alan M. Dershowitz.
9 The court reporter is Terry Tomaselli and the
10 videographer is Don Savoy, both from Esquire
11 Deposition Solutions. Will counsel please
12 announce their appearances for the record.
13 MR. SCAROLA: Jack Scarola appearing on
14 behalf of Bradley Edwards and Professor Paul
15 Cassell. With me is Joni J. Jones from the Utah
16 Attorney General's Office.
17 MS. McCAWLEY: Sigrid McCawley on behalf of
18 Virginia Roberts from Boies Schiller & Flexner.
19 MR. SIMPSON: Richard Simpson on behalf of
20 Defendant and Counter-Claim Plaintiff Alan
21 Dershowitz. And with me is my colleague Nicole
22 Richardson and Thomas Scott from the firm of Cole
23 Scott & Kissane. Ms. Richardson and I are from
24 the firm of Wiley Rein.
25 MR. SWEDER: Kenneth Sweder from the firm of

1 Sweeder & Ross for Professor Dershowitz.
2 Thereupon,
3 PAUL G. CASSELL,
4 having been first duly sworn, was examined and testified
5 as follows:
6 THE WITNESS: I do.
7 DIRECT EXAMINATION
8 BY MR. SIMPSON:
9 Q. Good morning or good afternoon, I guess?
10 A. Afternoon, yes.
11 Q. If I ask any questions today that you can't
12 understand, would you please let me know and I'll
13 attempt to rephrase or clarify it?
14 A. Sure.
15 Q. You're a former United States District Judge;
16 is that correct?
17 A. That's correct.
18 Q. When were you a judge?
19 A. From about 2002 'til about November 2007.
20 Q. Okay. So you were appointed by the first
21 President Bush?
22 A. Yes.
23 Q. Uh, second President Bush?
24 A. Second President Bush, yes.
25 Q. And then after resigning as a judge, you

1 became a professor at the University of Utah; is that
2 correct?
3 A. Yeah I was professor -- excuse me -- before I
4 was a professor in the evening hours while I was a judge
5 from 2002 to 2007. And then I resumed full time
6 teaching at the University of Utah in around November of
7 2007 when I left the bench.
8 Q. Okay. And since you've left the bench, have
9 you also been affiliated with a law firm?
10 A. Yes.
11 Q. Could you tell me what that affiliation is
12 what --
13 A. Sure. I'm a special counsel with Hatch James
14 and Dodge. It's a law firm, small boutique litigation
15 law firm in Salt Lake City, Utah, and I occasionally do
16 cases with them.
17 Q. Is it fair to say that since 2007, since
18 resigning as a judge, you've been engaged at least on a
19 part-time basis in the practice of law?
20 A. Yes.
21 Q. And, in particular, in one of the cases
22 that's at issue here, what has been referred to as the
23 underlying CVRA case; you're familiar with that case?
24 A. Yeah. Let me be clear just the juxtaposition
25 of the causes, the CVRA case is not through Hatch James

1 and Dodge. That's through the University of Utah. I'm
2 pro bono work through the University of Utah.
3 Q. You have entered an appearance in that case?
4 A. Correct.
5 Q. And in order to enter that appearance, you
6 were admitted pro hac vice; is that correct?
7 A. That's right.
8 Q. And to be admitted pro hac vice, you
9 certified that you were familiar with the applicable
10 rules including the rules of the southern district of
11 Florida; is that right?
12 A. That's right.
13 Q. And you're also familiar with the rules of
14 professional responsibility; is that correct?
15 A. Sure.
16 Q. Okay. As a judge, did you ever strike a
17 party's pleadings because they were impertinent,
18 scandalous, irrelevant?
19 A. I don't recall doing that immediately.
20 Q. Okay. To the best of your knowledge, you
21 don't recall any instance of doing that?
22 A. I mean what I did, I think, there were two
23 cases where I referred people to the Bar which was a way
24 of dealing with the pleadings that were inappropriate in
25 those cases.

1 Q. Okay. But other than referring the two
2 parties to the Bar, you never entered, to your
3 recollection, striking a party's pleadings; is that
4 right?
5 A. That's right.
6 Q. Okay. I want to ask you a few questions
7 about the issue of striking pleadings. Would you agree
8 with me that courts generally disfavor a motion to
9 strike?
10 A. No.
11 Q. And that striking allegations from a pleading
12 is a drastic remedy to be resorted to only when required
13 for the purposes of justice and only when the
14 allegations to be stricken have no possible relation to
15 the controversy?
16 A. I think that's what some courts have said,
17 yes.
18 Q. And is it fair to say -- is that what you
19 represented to the court in response to
20 Professor Dershowitz's application to intervene?
21 A. That's right.
22 Q. And you wouldn't have represented that to the
23 court unless you believed it to be accurate; is that
24 right?
25 A. That's right.

1 Q. Would you also agree that if there is any
2 doubt as to whether the allegations might be an issue in
3 the action, courts will deny the motion?
4 A. That was our position in our response to
5 Professor Dershowitz's motion to strike, yes.
6 Q. And in considering a motion to strike, the
7 court must consider the pleadings in the light most
8 favorable to the party making the pleading, correct?
9 A. Yeah, that's our position, that was our
10 position, yes.
11 Q. Okay. In your view, is it -- for an attorney
12 to ask a leading question at a deposition, does the
13 attorney have to have a good-faith basis to believe that
14 that question is true or the facts assumed in that
15 question are true?
16 A. I mean, that's a broad question, but as a
17 general rule, yeah.
18 Q. As a general rule -- I'm not being very
19 articulate --
20 A. Yeah.
21 Q. -- you don't ask a leading question about a
22 fact unless you have a good-faith basis to believe that
23 facts is true, correct?
24 A. I think that's right. I mean I don't know if
25 over the last day and a half, you know, narrow questions

1 have been given very long answers. I am assuming you
2 want narrow answers; is that true?
3 Q. Well, that wasn't my question, but why don't
4 we stay on that --
5 A. I mean, I could discuss that at great length.
6 I didn't know if that's what you wanted me to do.
7 Q. I would like you to give a fair answer to my
8 questions and I'll let you answer your questions and if
9 follow up, I would ask that one at a time for the court
10 reporter.
11 I would ask that you answer the question
12 fairly and I'll try not to interrupt you. And then if
13 you would do your best to answer the questions, and as I
14 said, if you don't understand it, let me know.
15 A. Right.
16 MR. SCAROLA: Excuse me. I'm going to
17 interrupt you for just a moment. Pardon me.
18 There is this page that was placed in front of
19 me, and I don't know whether this was intended as
20 a delivery of something.
21 MR. SCOTT: No. You had asked for a copy of
22 the entry from Professor Dershowitz's book when
23 he made reference to it. I said I'd give you a
24 copy in the last deposition, and that's it. We
25 made a copy of it.

1 MR. SCAROLA: Okay. Thank you. I had also
2 asked for all of the information regarding
3 communications with Rebecca, which I was told
4 that I would get today. Is that available?
5 MR. SCOTT: No. I told you that we would
6 consider if that -- I apologize. I said we will
7 consider that and you can put it in a request and
8 we will respond.
9 THE WITNESS: I would sure like to see that
10 before I answer any more questions. Is that
11 something you could make available?
12 MR. SIMPSON: I don't think that's necessary
13 to answer the questions I'm going to ask. I'm
14 not going to ask you any questions -- I won't ask
15 you any questions about Professor Dershowitz's
16 communications with this Rebecca that you've
17 heard about. You were in the room while he
18 testified, correct?
19 THE WITNESS: Right, but I mean there are --
20 there are broader subjects that extend beyond
21 those communications, so if you're going to ask
22 any questions about those broader subjects, I
23 would like to see the communications. That would
24 be helpful to me.
25 BY MR. SIMPSON:

1 Q. I'm just going to ask you questions about
2 the case and about your knowledge, and all I ask is that
3 you give your best answers based on your knowledge.
4 A. And all I ask is, if you're going to ask any
5 questions touching on those communications and I get a
6 chance to take a look at the subjects addressed in those
7 communications --
8 Q. If I ask you a question that you need to look
9 at something that you've never seen before to answer,
10 why don't you let us know?
11 A. Okay. Will do.
12 Q. What is your understanding of the ethical
13 responsibility of an attorney in signing a pleading to
14 be filed in Federal Court, and let's say in the Southern
15 District of Florida, if that's any different than
16 elsewhere?
17 A. Sure.
18 Q. Just give me your understanding.
19 A. Sure. The obligation is to make sure that it
20 is a good-faith pleading based on the facts and the law
21 as the attorney understands them, and consistently with
22 the obligation of the attorney to zealously represent
23 the position of his client.
24 Q. Okay. Would you agree with me that it would
25 be unethical to use pleadings for an improper purpose,

1 for a purpose other than to advance a cause in
2 litigation?
3 A. Sure.
4 Q. And would you agree with me that it would be
5 unethical to make allegation of misconduct by a person
6 in a pleading if that -- if those allegations were not
7 relevant to the case?
8 A. Sure.
9 Q. And would you agree --
10 A. Actually, not pertinent to the case.
11 Q. Not pertinent to the case?
12 A. Yeah. And when you say not relevant,
13 obviously, reasonable people can have disagreements
14 about what allegations are relevant to the case or not.
15 Q. And my question is that an attorney, it would
16 be unethical, do you agree, for an attorney to sign a
17 pleading where the attorney does not have a good-faith
18 basis that the allegations of misconduct are relevant to
19 the case, are pertinent to the case?
20 A. Pertinent to the case, and as I understand
21 for example under rule 11, the requirement is that the
22 allegations being advanced must not be frivolous.
23 Q. And that there's a good-faith basis for them?
24 A. Well, I mean if you're talking about good
25 faith frivolity, those are I mean, potentially different

1 standards under the law. My understanding is that
2 frivolity is the standard for, for example, rule 11
3 sanctions.
4 Q. Is it unethical to include, in your opinion,
5 to include allegations in a pleading for the purpose of
6 generating publicity?
7 A. If that's the only purpose, sure, that it
8 would be inappropriate.
9 Q. And is it unethical to make allegations
10 without having done a reasonable investigation to
11 satisfy -- for the attorney to satisfy himself or
12 herself that there's a factual basis for the
13 allegations?
14 A. Something along those lines, sure.
15 Q. As a general matter, you agree with that
16 proposition?
17 A. Yes, sure.
18 Q. Would you agree that the scope of the
19 investigation, the reasonable investigation an attorney
20 must do, varies depending upon the nature of the
21 allegations being made?
22 A. Sure, yes.
23 Q. Let me finish -- we are both speaking at the
24 same time --
25 A. Sure.

1 Q. -- so let me finish --
2 A. Sure. I just want to make sure you get an
3 opportunity to ask as many questions as you want so.
4 Q. Okay. And I appreciate that, but the court
5 reporter can't take down both of us at once. So we just
6 need to speak one at a time, but I appreciate that.
7 A. Good.
8 Q. I believe the last question I was asking you
9 about whether the scope of the investigation, what
10 reasonably required of an attorney varies depending upon
11 the nature of the allegations being made. I think you
12 said, yes; is that right?
13 A. Yes.
14 Q. And could you explain how, what in your
15 understanding of how --
16 A. Sure. I mean, obviously, they are going to
17 be some cases that are very complicated factually. More
18 investigation would be appropriate there. There can be
19 some situations that very simple factually, less
20 investigation would be factually necessary there. Same
21 points about legal issues, too, some cases are complex
22 legally, some cases are simple legally.
23 The more legal investigation would be
24 required for the more complex cases.
25 MR. SCAROLA: Professor Cassell, I know it is

1 a little bit unnatural for you to be responding
2 to questions that are being asked immediately to
3 your right and not be looking directly at the
4 examiner the entire time, but because this is
5 being videotaped, it might be helpful if you can,
6 to the extent that you're able, to look into the
7 camera so that the jury for whom this may be
8 played --
9 THE WITNESS: I see.
10 MR. SCAROLA: -- at a later time gets to see
11 your full face.
12 THE WITNESS: All right. I hope you won't
13 consider me rude then --
14 MR. SIMPSON: I will not consider -- it's
15 good advice from your counsel and I will not
16 consider you rude.
17 THE WITNESS: Thank you.
18 BY MR. SIMPSON:
19 Q. I want to ask you some more questions about
20 the scope of investigation. Would you agree that an
21 allegation of serious misconduct by another person
22 generally requires more investigation than a lesser
23 serious type of allegation?
24 A. Sure. That's a fair statement.
25 Q. And so, for example, before accusing a person

1 of engaging in criminal misconduct, the attorney needs
2 to do a thorough investigation; is that right?
3 A. Yeah, under the circumstances, sure. I
4 should say in light of the circumstances, obviously, you
5 know, different kinds of cases can have different
6 circumstances.
7 Q. Okay. Is one of the considerations that goes
8 into that how much -- whether there's time pressure to
9 get the pleading on file?
10 A. Sure. That would be one of the factors.
11 Q. And how much time the attorney has to
12 investigate the facts?
13 A. Yes. That would be one of the factors as
14 well.
15 Q. Okay. And so before making -- where an
16 attorney's client has no pressing need to get a pleading
17 on file immediately, and the pleading is going to
18 include serious allegations of misconduct by another
19 person, an ethical attorney will take the time needed to
20 do a full investigation; is that fair?
21 A. That's fair, and the converse of your
22 proposition is also fair. For example, if a client has
23 a pending discovery dispute in front of a judge that
24 could be ruled on any day, that would be an exigency
25 that would require pleadings to be filed more quickly

1 than -- than otherwise.
2 Q. And if the dispute concerned, for example, a
3 specific discovery issue, would you expect the response
4 to be directed to that issue?
5 A. I would expect that the record would be built
6 so that it would be available for the discovery issue,
7 yes.
8 Q. Okay. I am going to ask the reporter to mark
9 as Cassell -- am I pronouncing your name correctly?
10 A. Yes, it's Cassell, yes.
11 Q. Okay. Could I ask the reporter to mark as
12 Cassell Exhibit 1 -- I will hand that to the reporter.
13 (^ Plaintiff's ^ Defendant's I.D. Exhibit
14 No. 1 - ^ description was marked for identification.)
15 BY MR. SIMPSON:
16 Q. Let me identify that for the record. I may
17 want to mark two things.
18 A. Okay.
19 Q. Exhibit 1 is documented Plaintiff's Response
20 to Motion for Limited Intervention by Alan M.
21 Dershowitz, and I'm going to ask the reporter to mark
22 another exhibit at the same time. This will be
23 Exhibit 2, and this is a document entitled Jane Doe
24 Number 3 and Jane Doe Number 4's motion pursuant to rule
25 21 for joinder in action. Both cases having been filed

1 in the case Jane Doe 1 and Jane Doe 2 versus the United
2 States. This is number 2.
3 (^ Plaintiff's ^ Defendant's I.D. Exhibit
4 No. 2 - ^ description was marked for identification.)
5 BY MR. SIMPSON:
6 Q. Mr. Cassell, do you have those documents in
7 front of you?
8 A. I do.
9 Q. Okay. I'm going to ask you first about
10 Exhibit 2 before 1, since exhibit 2 is first in
11 chronological order.
12 A. Yes.
13 Q. Is this the motion for joinder that you filed
14 on behalf of the parties then known as Jane Doe Number 3
15 and Jane Doe Number 4 in what was called the CVRA
16 action?
17 A. This is the joinder motion, yes.
18 Q. Okay. And if you look at the last page
19 before the certificate of service --
20 A. Yes.
21 Q. -- over on page 12, it shows the document
22 being signed by Bradley J. Edwards and then it says and
23 Paul G. Cassell, pro hac vice, S.J. Queeny [sic] College
24 of Law
25 A. Quinney.

1 Q. Quinney, got that one wrong, College of Law
2 at the University of Utah. Is that indicating your
3 signature to the document?
4 A. That's -- that's indicating not my signature,
5 but it's indicating that I stand behind the arguments
6 made in the document, yes.
7 Q. Much more articulate statement than I. I
8 simply wanted to confirm that you had authorized your
9 name to be listed as a counsel who was, for purposes of
10 the rules, vouching for this document?
11 A. Yes, I was vouching for this document
12 completely.
13 Q. Okay. And you list here your address as
14 being at the college of law at the University of Utah
15 with no qualification. If you compare that to the next
16 exhibit, Exhibit 1 actually --
17 A. Yes.
18 Q. -- your signature has a footnote that says,
19 this daytime business address is provided for
20 identification and correspondence purposes only, and is
21 not intended to imply institutional endorsement by the
22 university of Utah; do you see that?
23 A. I do see that.
24 Q. Why was that footnote not included on the
25 first pleading filed which is Exhibit 2?

1 A. The footnote -- one of the problems with the
2 the Word processing program to drop a star footnote is
3 it requires, under the word programing, you have to to
4 have different sections in the document because
5 otherwise it would be footnote -- let's see.
6 Yes, so there was already a footnote 1 on the
7 joinder motion and so, what happens with footnotes is if
8 you identify it as footnote, put in a footnote where the
9 University of Utah signature block is, for example, it
10 becomes footnote 2, so then you have to create a
11 different section and then once you have a different
12 section you can establish a new number and a new
13 nomenclature instead of numbers. You can have the
14 asterisk, and so somehow with the signature block
15 getting reprocessed here, that star footnote dropped off
16 and within I think -- I think it was about three days, I
17 realized that the star footnote had dropped off, so I
18 filed a corrected pleading with the -- with the new star
19 footnote on it.
20 Q. You would agree with me that a fair-minded, a
21 reasonable reader looking at the signature block on the
22 as filed original document, could conclude that the
23 University of Utah was somehow endorsing or standing
24 behind this pleading?
25 A. I don't think that's quite fair. I think the

1 way that works is, people know that when, for example,
2 you know, a Professor speaks from the university, they
3 are giving their own point of view. The -- a school
4 like the University of Utah has, gosh, several hundred
5 faculty members, if not more, and so any time a member
6 of the University of Utah speaks, they are giving their
7 views on the subject. There may be a range of views.
8 Some Professors at the university of Utah may
9 be in favor of crime victim rights. Other Professors
10 may be opposed to crime victim rights. Young people
11 generally jump to the conclusion that just because they
12 are hearing a Professor from a particular school speak,
13 that that necessarily means that they are saying
14 something that the university endorses.
15 Q. If that's true, why do you include the
16 footnote on some pleadings?
17 A. Well, I included the footnote in this
18 particular case, the dean at the law school said, hey,
19 you know, it might be useful just to drop a footnote in
20 just to make sure that there's no misunderstanding and I
21 said, sure, I would be glad to do that. And so I think
22 pleadings, in this case leading up to this, had the star
23 footnote. Apparently on the signature block had got
24 dropped out. And then we were able to fix that in a
25 couple of days on this one.

1 Q. So is it accurate that after you filed what's
2 Exhibit 2, that the dean of the law school asked you to
3 file a corrected version with the footnote?
4 A. No. That misunderstands what I said. Early
5 on, just in talking -- I do a lot pro bono litigation
6 for crime victims all over the country, and I do that,
7 that's one of the reasons I'm at the University of Utah.
8 They have been very supportive of my pro bono work in
9 this case as well as in other cases, and so the dean
10 said, well, one of the things just might be helpful is
11 to drop a footnote. I don't think it was required that
12 I drop the footnote, nobody suggested it would be useful
13 to drop the footnote, and so I agreed to do that in this
14 case and in other cases as well, but somehow in this
15 particular pleading, the -- as I say, the signature
16 block possibly was a cut-and-paste from an earlier
17 pleading in the case, possibly it was some issue
18 involving that section feature of the word processing
19 program. The star footnote had dropped off.
20 And so once I realized that without anyone
21 calling that to my attention when I looked at the brief
22 a couple of days after we filed it, and said, oh, I need
23 to fix that and did, indeed, fix that as quickly as I
24 could.
25 Q. What was the context in which the dean asked

1 you as a practice to drop the footnote; was it in
2 connection with this case or some other circumstance?
3 A. It was -- as I recall, it was several years
4 earlier. I don't know. Maybe a year or two earlier
5 than this particular litigation, from what I remember.
6 If I looked at some of my other pro bono cases around
7 the country, we might be able to get a sharper time
8 frame on that. I've done pro bono crime victims in a
9 lot of cases. And the dean just thought it might be
10 useful to have that kind of a footnote to avoid any
11 misunderstanding.
12 Q. Would you agree with me that in order to
13 allow your name to be listed as counsel on this
14 pleading, that you were required to have a sufficient
15 basis for the allegations based on what you knew as of
16 December 30th, 2014?
17 A. Sure. I think that's fair. Obviously, I
18 imagine one of the issues we are going to discuss here
19 today is what is a sufficient basis for filing a
20 pleading like that. So, yeah, in general, of course, we
21 had to have a sufficient basis for filing something like
22 this and I firmly believe that we did.
23 Q. And to put a point on my question, the way in
24 which to measure the knowledge is as of December 30th,
25 2014, so the facts that came to your attention after

1 that date, by definition, could have been part of what
2 you were relying on to allow your name to be listed as
3 counsel on this document, correct?
4 A. That's right. With regard to this document,
5 we would be looking at knowledge on or before December
6 30th, 2014.
7 Q. Would you turn to page 4 of the document,
8 first full paragraph on the page, the second sentence.
9 Actually, third sentence, you say: In addition to being
10 a participant in the abuse of Jane Doe Number 3 and
11 other minors, Dershowitz was an eye witness to the
12 sexual abuse, et cetera. Do you see that?
13 A. Yes.
14 Q. Who were the other minors?
15 A. Well, one of the ways -- you want some
16 documentation of that?
17 Q. I want to know: You made an allegation here,
18 you first make an allegation that Professor Epstein
19 abused -- Jane Doe Number 3 -- Dershowitz. I'm sorry?
20 A. Right.
21 Q. Jane Doe Number 3 who is no longer anonymous,
22 Miss Roberts, correct?
23 A. Right. I'm sorry. Could you repeat the
24 question please.
25 Q. I just want to clarify that your pleading is

1 alleging that Professor Dershowitz engaged in this
2 sexual misconduct with Miss Roberts; she's Jane Doe
3 Number 3, correct?
4 A. That's right. Jane Doe Number 3 is Miss
5 Virginia Roberts Goufrey ^ (ph).
6 Q. And I will ask you questions about that. But
7 my question now is: You also allege that Professor
8 Dershowitz was a participant in the abuse of other
9 minors besides Miss Roberts. Do you see that?
10 A. Yes, I see that.
11 Q. Who are the other minors?
12 A. So I don't know the exact name of the other
13 minors who were involved, but I do have an 89 page
14 police report from the Palm Beach Police Department
15 which lists, if I recall correctly, about 23 or 24 names
16 of minors who went to the Jeffrey Epstein mansion in
17 Palm Beach during a period of time that extends from --
18 let's see -- it would have been roughly, I don't know,
19 from probably about a six-month period in 2005 -- there
20 are a series of names. I don't think in this particular
21 case because of confidentiality reasons, we can put into
22 the record the names of those girls, but what I would
23 propose doing is putting into the record the 89 page
24 police report from the Palm Beach Police Department,
25 which has page after page after page after page of young

1 girls going to the Epstein Palm Beach mansion and then
2 being sexually abused in some cases, at least one case,
3 forcibly raped. That is the basis for that particular
4 allegation.
5 Q. Mr. Cassell, does the police report you're
6 referring to at any point say Professor Dershowitz
7 abused any of these particular minors -- not were they
8 abused at the mansion -- but did it say anywhere that
9 Professor Dershowitz did that?
10 A. The police report itself does not refer to
11 Professor Dershowitz abusing these girls. However, when
12 you look at the police report, what it shows is a
13 pattern of egregious sexual abuse of approximately 23 to
14 24 young girls over an extended period of time at a
15 mansion that was owned by Jeffrey Epstein who was one of
16 the closest personal friends, from what I could gather,
17 of Mr. Dershowitz.
18 And so that was -- there's other information.
19 I don't want to filibuster you on that. I would be
20 happy to elaborate on that, but that is the first piece
21 of evidence that I would begin referring to. If you
22 want a more -- if you want -- just so the record is
23 clear, if you want to know all the bases, all the
24 grounds for which that allegation appears, then I would
25 like to make a more extended presentation.

1 Q. We will get there. But my -- I want to make
2 sure we are clear about this.
3 Am I correct that the report itself never
4 says, Alan Dershowitz abused anyone?
5 A. That is a correct statement, I believe.
6 Q. And we won't -- and the report does
7 reflect -- the conclusion of -- it reflects abuse of
8 minors by Jeffrey Epstein, correct?
9 A. Oh yes, oh yea. What it shows is forcible
10 rape of underage girls, and not a, shall we say, one off
11 situation, but on something that is happening over,
12 let's say, this is roughly a six-month period, 180
13 days -- I mean, I think you know, they document roughly
14 speaking at least 180 sexual encounters give or take,
15 and in fact, on some days, what they document in that
16 police report is abuse that is taking place not once,
17 not twice, but three times during the day in this
18 mansion.
19 And so I certainly agree with you, if it's
20 possible, maybe my math is off here, 200 percent, that
21 this report documents repeated sexual abuse including
22 forcible rape by one of the closest friends of
23 Mr. Dershowitz, Jeffrey Epstein.
24 Q. So it's your testimony that Mr. Epstein was
25 one of Professor Dershowitz's closest friends?

1 A. Yes.
2 Q. We will come back to your basis for that.
3 I want to go back to the police report.
4 We've clarified it never says Professor Dershowitz
5 abused anyone, correct?
6 A. It doesn't say that directly, but the police
7 report is part of a larger package of information that I
8 had available to me since you asked on December 30th
9 that suggested that Mr. Dershowitz was involved in the
10 abuse of minors.
11 I'm sorry. Let me correct that. In the
12 sexual abuse of minors, in particularly, minor girls.
13 Q. Would it be your position that anyone who was
14 a friend, or a friend of Mr. Epstein who visited his
15 house on more than a few occasions, that that's
16 sufficient to conclude that -- to allege that they
17 engaged in sexual abuse of minors?
18 A. No.
19 Q. Are we talking about guilt by association
20 here?
21 A. No. And that question requires a more
22 extended answer, which I would be happy to provide for
23 you, if you would like an extended answer.
24 Q. Let me ask you this question: You referred
25 to the police report, correct?

A. Correct.

Q. And focusing now, not -- not on Virginia Roberts, we are focusing on the other minors, correct? I just have that in mind, right?

A. I'm sorry. Could you repeat the question?

Q. I want to make sure you're focusing on the allegation in this pleading that Professor Dershowitz abused other minors; do you have that in mind?

A. I do.

Q. Okay. First of all, I want to know, and for this question you don't have to give the names, do you have specific minors who you, at this point, contend were abused?

A. I believe that the pool of people came from, among other young girls, roughly 23 to 24 minors identified in the Palm Beach Police Department report, or other similarly-situated girls in either New York, in the airplanes, or on -- in the Palm Beach mansion. So this -- the problem that I have here frankly, I'm sorry, but I think your question fairly calls for a longer answer, I could give you the names of those girls if Jeffrey Epstein would tell us the names of those girls that he trafficked in Florida, in New York, on his airplanes and elsewhere. But I think everyone in this room is aware Mr. Epstein has repeatedly refused to

1 answer questions about the names of the girls that he
2 was sexually trafficking. And that's one of the things
3 that has made this case so difficult, because if we
4 could get the names of those girls, then we could -- we
5 could try to help them.
6 We could -- we could start to unravel the
7 many crimes that Mr. Epstein has committed along with
8 his associates. So, again, I could go on longer, and I
9 don't want to filibuster your time, I think I've seen
10 illustrations of that recently, but I -- what I want to
11 do is make sure that -- that I could give additional
12 information if people like Mr. Epstein would cooperate
13 and give me the names of the girls that he was sexually
14 trafficking.
15 MR. SIMPSON: Move to strike the
16 nonresponsive portion of the answer.
17 Can I have the same standing objection,
18 Mr. Scarola?
19 MR. SCAROLA: No, I don't think -- I don't
20 think you will need a standing objection.
21 MR. SIMPSON: Well, I'll just make the
22 objection there and --
23 MR. SCAROLA: Thank you.
24 MR. SIMPSON: I will go back to my question.
25 BY MR. SIMPSON:

1 Q. My question had nothing to do with whether
2 you could identify girls that Jeffrey Epstein abused.
3 My question was: As of December 30th, 2014 -- you don't
4 have to give me the name right now -- is there any
5 specific girl that you had evidence Professor Dershowitz
6 abused?
7 A. What I had was the police report moving girls
8 and the girls were named in the police report, although
9 the police report that I think has been made public has
10 the names redacted, those girls were moving through the
11 mansion at the time when, for example, household staff
12 were saying that Mr. Dershowitz was receiving massages.
13 And so, yes, I have 24 names in mind as
14 possible sexual abuse victims that Dershowitz may or may
15 not have abused. And I have not been able to pinpoint
16 exactly what happened, because the people who would be
17 in the best position to help me sort out what the names
18 were, specifically Jeffrey Epstein among others, have
19 refused to cooperate and give me those names.
20 MR. SIMPSON: Move to strike the
21 nonresponsive portion of the answer.
22 THE WITNESS: Can I ask what part of that was
23 nonresponsive in your view?
24 MR. SCAROLA: That's all right.
25 THE WITNESS: Okay.

1 MR. SCAROLA: Professor Cassell, you don't
2 need to do that.
3 BY MR. SIMPSON:
4 Q. If I understand you correctly, you said in
5 that answer question -- strike that.
6 If I understood you correctly, you said in
7 that answer that there was a universe of 24 girls I
8 believe you said or approximately, that Professor
9 Dershowitz may or may not have abused; is that your
10 position?
11 A. That's correct. It's been impossible to
12 narrow down exactly what happened because of lack of
13 cooperation from, for example, Jeffrey Epstein.
14 Q. If as of December 30th, 2014, based on your
15 information, Professor Dershowitz may or may not have
16 abused other minors, why did you allege that he did?
17 A. Your question, as I understood it, was did I
18 know the name of the particular girl that he may or may
19 not have alleged -- I'm sorry -- did I know the name of
20 the particular girl that he may have abused. And I
21 couldn't get the exact name, but what I had was
22 Mr. Dershowitz receiving massages in a time when,
23 according to the police report, massage was a code word
24 for sexual abuse of underage girls.
25 Q. And so was it your understanding as of

1 December 30th, 2014, that every massage given to anybody
2 at Mr. Epstein's residence was a code word for sexual
3 abuse?
4 A. It was my understanding that the term
5 "massage" was frequently, if not almost invariably, used
6 as a code word for sexual abuse, or at least sexual
7 activity, if the girl happened to be over the age of 18.
8 But in most cases at least, or in many cases depending
9 on exactly what universe you're looking at, these were
10 underage girls, under the age of consent in the State of
11 Florida, they were under the age of 18.
12 Sometimes as young as -- I think it went all
13 the way down to, gosh, I'm trying to remember now, I
14 think 13 or 14 was was the youngest age in the police
15 report.
16 Q. Is it your position that as of December 30th,
17 2014, you had a sufficient basis under the Federal Rules
18 of Procedure and applicable ethical rules to allege that
19 anyone who got a massage at Mr. Epstein's residence had
20 abused minors?
21 A. No.
22 Q. What -- back up now. With respect again to
23 other minors as of December 30th, 2014, had anyone --
24 had any young woman, other than -- we will put -- I'm
25 going to ask about Virginia Roberts separately.

1 A. Okay.
2 Q. Had any other young woman told you she had
3 been abused by Professor Dershowitz?
4 A. No other young women had told me that, no.
5 Q. Had, as of that date, had anyone told you
6 that Professor Dershowitz had abused other minors?
7 MS. McCAWLEY: I'm going to object for a
8 moment here to the extent that you're going to be
9 answering a question that requires you to divulge
10 any attorney/client communication with Virginia
11 Roberts, I have a standing objection that I'm
12 putting on the record right now.
13 Virginia Roberts does not waive her
14 attorney/client privilege with her lawyers, and
15 they are not entitled to testify as to
16 information that she intended to be confidential
17 that she communicated to her lawyers.
18 MR. SCAROLA: And I would instruct you not to
19 answer the question on that basis.
20 MR. SIMPSON: All right.
21 BY MR. SIMPSON:
22 Q. I disagree with the position on the
23 privilege, but I will -- you're going to follow the
24 instruction not to answer those questions?
25 A. I am.

1 Q. Okay. I want to put then aside Virginia
2 Roberts.
3 Had anyone else as of December 30th, 2014,
4 told you that Professor Dershowitz had abused any minor,
5 other than Virginia Roberts?
6 A. No one -- no other -- no other person, no
7 other person had spoken to me and told me that directly,
8 no.
9 Q. And when you say no other person, I'm
10 including not just any -- any victims of Mr. Epstein,
11 but anyone else, no one had said to you, I have
12 knowledge that Alan Dershowitz abused a minor, other
13 than Virginia Epstein -- Virginia Roberts; is that
14 correct?
15 MR. SCAROLA: Let me ask you for
16 clarification if I could. Are you asking whether
17 any person made that statement based upon the
18 direct personal knowledge of that person? And
19 the purpose for my clarification is to the extent
20 information was conveyed to Professor Cassell by
21 co-counsel, or anyone within the joint
22 representation or common interest privilege, I'm
23 not going to permit him to answer that question.
24 If it's anybody outside that, he clearly can. So
25 if you're looking for someone with direct

1 knowledge, he can answer that question, because I
2 assume none of the lawyers within the common
3 interest privilege had that direct knowledge.
4 MR. SIMPSON: I'm asking -- for the purpose
5 of the questions I'm putting aside Virginia
6 Roberts and I'm putting aside her attorneys.
7 MR. SCAROLA: Attorneys.
8 MR. SIMPSON: Attorneys.
9 MR. SCAROLA: Attorneys.
10 MR. SIMPSON: Yes.
11 MR. SCAROLA: Not just Virginia Roberts'
12 attorneys, but any attorney sharing a common
13 interest privilege?
14 MR. SIMPSON: No. No.
15 MR. SCAROLA: Okay. Well I'm not going to
16 let him --
17 BY MR. SIMPSON:
18 Q. Let me is ask this: As of December 30th,
19 2014, were there any attorneys who were sharing a common
20 interest privilege with you as counsel in the CVRA case?
21 Had you entered into an agreement with any other
22 attorney? You have co-counsel, Mr. Edwards.
23 MS. McCAWLEY: Well, to the extent that's
24 going to reveal privileged information about
25 accountant interest agreement, I am not going to

1 let him do that.
2 MR. SIMPSON: That certainly is not
3 privileged. That's fact.
4 THE WITNESS: I think this is a -- I would be
5 happy to answer the question, but this is a very
6 complicated issue that -- that I think I should
7 confer with -- I don't want to inadvertently
8 waive a privilege that my client, Virginia
9 Roberts, has or other persons may potentially
10 have, so I think I would like take to short break
11 and confer with my counsel on that question.
12 MR. SIMPSON: We will take a short break.
13 THE VIDEOGRAPHER: We are going off the video
14 record, 2:13 p.m.
15 (Thereupon, a recess was taken.)
16 THE VIDEOGRAPHER: We are back on the video
17 record, 2:25 p.m.
18 MR. SCAROLA: So that the record is clear, we
19 have had an opportunity to consult, and we are
20 asserting both the attorney/client and common
21 interest privilege, and I can tell you that there
22 is no source of information outside of the
23 attorney/client and common interest privilege
24 that relates to the area of your current inquiry.
25 MR. SIMPSON: Well, and I'll ask the question

1 and you can tell me if you'll answer this
2 question.
3 BY MR. SIMPSON:
4 Q. Who, as your understanding as of December
5 30th of 2014, with which attorneys did you have a common
6 interest privilege?
7 A. Brad Edwards from, obviously, the law firm
8 that I've been working with here. Also attorneys from
9 the Boies Schiller law firm who were representing
10 Virginia Roberts at that time.
11 Q. Anyone else?
12 A. The -- at that time, on December 30th, I
13 don't know that it's directly responsive to your
14 question, but also the Scarola law firm, Mr. Scarola in
15 connection with litigation he was handling for Brad
16 Edwards.
17 Q. Any any other law firm lawyers that you had a
18 common interest privilege with?
19 A. No.
20 Q. And you're going to refuse to answer
21 questions about communications with Miss Roberts; is
22 that right?
23 A. Sure. Those are -- well, some -- some
24 communications are public, we will discuss those, I'm
25 sure as the deposition moves along, but certainly with

1 respect to confidential communications that were part of
2 providing legal services to Miss Roberts, yes, I will be
3 asserting -- well, she's -- let me be a little more
4 precise.
5 She will be asserting attorney/client
6 privilege and I'm not at liberty to waive that for her.
7 Q. And we will make a proffer later as to
8 questions we would ask about your communications with
9 Miss Roberts as we believe those are not privileged,
10 but --
11 MR. SCOTT: As well as the others.
12 MR. SIMPSON: As well as the others that
13 have --
14 MR. SCOTT: Attorney/client.
15 MR. SIMPSON: -- attorney/client the
16 privilege has been asserted.
17 BY MR. SIMPSON:
18 Q. Let me go back to the common interest group.
19 Is there any written agreement memorializing a common
20 interest agreement?
21 MS. McCAWLEY: I'm going to object to the
22 extent that it seeks details of an agreement.
23 You're allowed to know the existence of the
24 agreement; he testified to that. The details,
25 you're not entitled to.

1 MR. SIMPSON: I'm not going to ask any
2 details at all.
3 BY MR. SIMPSON:
4 Q. I'm simply going to ask: Is it in writing,
5 yes or no? As of December 30th, 2014, was there a
6 written common interest agreement, yes or no?
7 MR. SCAROLA: Those are two different
8 questions and I think the record needs to be
9 clear as to which one you're asking.
10 MR. SIMPSON: All right. Let me ask this
11 question.
12 BY MR. SIMPSON:
13 Q. As of December 30th, 2014, was there any
14 common interest agreement that was in writing?
15 A. I'm not certain what date a written agreement
16 was executed on these subjects.
17 Q. At some point, was a written agreement
18 executed?
19 A. Yes.
20 Q. And who were the parties to the written
21 agreement?
22 A. Well, there have been addenda to the
23 agreement, if I recall correctly, but sitting here
24 today, the parties to the agreement include Virginia
25 Roberts, and her -- well, attorneys representing -- I

1 mean -- I guess the attorneys representing Virginia
2 Roberts on various matters which Boies Schiller law
3 firm, the Bradley J. Edwards and his law firm,
4 University of Utah's general counsel's office, the
5 university -- I'm sorry -- the Utah Attorney General's
6 office, Attorney General Reaz ^ (ph) and other persons
7 there. And the Searcy -- well, Mr. Scarola's law firm,
8 I'm trying to remember -- sorry, Jack, I can't remember
9 the name of all your partners off the top of my head.
10 MR. SCAROLA: That's quite all right.
11 MR. SIMPSON: He's the man.
12 THE WITNESS: It's the law firm that
13 Mr. Scarola is a named partner in.
14 BY MR. SIMPSON:
15 Q. And is it -- am I correct that you cannot say
16 one way or the other whether that written agreement was
17 executed before or after December 30th, 2014?
18 A. That's right. Sitting here right now, no, I
19 can't recall.
20 Q. Okay. I want to go back to the motion for
21 joinder which is Exhibit 2, and the provision -- not the
22 provision -- the assertion that we were referring to.
23 A. Right, right.
24 Q. Concerning not Virginia Roberts, but other
25 minors. Do you have that in mind?

A. Yes.

Q. Okay. Because of the privilege instruction, I'm going to ask it this way: As of December 30th, 2014, when you put your -- allowed your name to be put on this pleading as --

A. I didn't allow it. I was proud to sign this pleading.

Q. Okay. As of December 30th, 2014, when you were proud to sign this pleading, was there any witness, whether a victim or anyone else, who could be -- person, whether a victim or anyone else, who could be called as a witness who would say, I have knowledge that Alan Dershowitz abused a minor, other than Virginia Roberts?

A. I believe with further discovery we could have identified witnesses, yes.

Q. So is the answer to my question, no, when I ask: As of December 30th, 2014, when you signed this, were you aware of a single witness who would testify, I have knowledge that Alan Dershowitz abused a minor, other than Virginia Roberts?

MS. McCAWLEY: Objection. I just want to be clear. Outside the context of Virginia Roberts, what he learned through the common interest privilege.

BY MR. SIMPSON:

1 Q. I'm asking whether he was aware of I'm not
2 asking about -- well, let me back up.
3 Are you aware of any witness who could be
4 called who, as of December 30th, 2014, any person who
5 could be called as a witness who would testify, I have
6 knowledge that Alan Dershowitz abused a minor to support
7 the allegation that Alan Dershowitz abused other minors?
8 MR. SCAROLA: Outside of information gathered
9 through attorney/client or common interest
10 privileged communications; is that correct?
11 MR. SIMPSON: No. It's not correct.
12 MR. SCAROLA: Okay. Then, I'm not going to
13 permit him to answer the question to the extent
14 that it includes a request for information within
15 the attorney/client and common interest
16 privilege.
17 MR. SIMPSON: Is it your position that the
18 name of a person who could be called as a witness
19 is somehow privileged?
20 MR. SCAROLA: It is my position that any
21 information communicated within the scope of the
22 confidential attorney/client communication is
23 privileged information.
24 It is my position that any information
25 including names communicated in the scope of

1 confidential common interest privilege
2 communications is privileged. Yes, that's my
3 position.
4 MR. SIMPSON: Okay. That, we will have to go
5 to the judge on.
6 BY MR. SIMPSON:
7 Q. Let me ask you this way: As of December --
8 A. I'm going to write down your question because
9 this one sounds like it's going to be complicated.
10 Q. I'm going to ask it again. It's not
11 complicated. It's very simple. This one is going to be
12 very simple.
13 A. Okay.
14 Q. As of December 30th, 2014, had you spoken
15 personally with anyone who said, I have knowledge that
16 Alan Dershowitz -- I have personal knowledge that Alan
17 Dershowitz abused other minors?
18 MR. SCAROLA: To the extent that that
19 question calls for information conveyed within
20 the scope of either the attorney/client or common
21 interest privilege, I instruct you not to answer.
22 BY MR. SIMPSON:
23 Q. Put aside for the moment Virginia Roberts.
24 I'll ask the question: Did Virginia Roberts tell you
25 that Alan Dershowitz abused anyone other than her?

1 MR. SCAROLA: I instruct you not to answer.
2 MS. McCAWLEY: And I object to that.
3 MR. SIMPSON: Okay.
4 BY MR. SIMPSON:
5 Q. So will you not answer that question?
6 MR. SCAROLA: On the basis of attorney/client
7 privilege, I instruct him not to answer.
8 BY MR. SIMPSON:
9 Q. And you will follow the instruction?
10 A. I'm being instructed not to waive
11 attorney/client privileges of Virginia Roberts and I'm
12 going to follow that instruction, yes.
13 Q. To shorten the deposition --
14 MR. SCAROLA: I might be able to help you a
15 little bit. You can assume that Professor
16 Cassell will follow my instructions. You
17 don't need to ask for --
18 MR. SIMPSON: We are at the same place. I
19 was just going to say, we have an agreement that
20 if --
21 THE WITNESS: Yeah, yeah.
22 MR. SIMPSON: Let me just finish. If
23 Mr. Scarola on Ms. McCawley instructs you not to
24 answer, you're going to follow it?
25 A. That's fine. I don't want to try to run out

1 the clock or anything, but let's get this moving along
2 so we can get your questions answered.
3 Q. I just need to make my record on that.
4 So we are going to put aside Virginia
5 Roberts.
6 A. Okay.
7 Q. And I'm not talking about attorneys here
8 talking about -- what I'm talking about is people who
9 could be witnesses, people who saw things, people did
10 things, heard things, people who have evidence that
11 would be admissible in court. Do you have that in mind?
12 A. Okay.
13 Q. As of December 30th, 2014, putting aside
14 Miss Roberts, as to whom you've refused to answer, had
15 anyone who fits that category of a person with personal
16 knowledge of admissible evidence told you that Alan
17 Dershowitz had abused any other minors?
18 MR. SCAROLA: I'm going to instruct you not
19 to answer that question on the basis of the
20 attorney/client and work product privileges.
21 MR. SIMPSON: The knowledge -- let me ask
22 this way.
23 MR. SCAROLA: Let me explain. It might be
24 helpful to you if I were to explain the basis of
25 my objection.

1 MR. SIMPSON: Let me --
2 MR. SCAROLA: You are not permitted to get
3 indirectly what you cannot get directly, and by
4 phrasing the questions as you have phrased them,
5 you are attempting to narrow down the source of
6 information to an attorney/client privileged
7 communication.
8 I can't allow the witness to respond to that
9 question and thus disclose information that may
10 fall within the scope of the attorney/client
11 privilege or common interest privilege.
12 BY MR. SIMPSON:
13 Q. Let me ask it -- try asking it this way: You
14 filed this pleading in the CVRA case; is that correct?
15 A. Yes.
16 Q. And if I understand correctly, you have
17 argued and the court has agreed that this is a civil
18 proceeding; is that right?
19 A. That's a very complicated question that would
20 require a longer answer, so I'm just tipping you off, if
21 you want a long answer, we can talk about that.
22 Q. Give me a fair answer to the question.
23 What's been your position and have there been rulings on
24 the nature of the proceeding?
25 A. So this requires some context here. This

1 action was filed back in 2007 at a time when
2 Mr. Edwards, and a couple days later, I did not know
3 that there was a nonprosecution agreement that had been
4 entered into between the U.S. Government and Jeffrey
5 Epstein giving immunity to Epstein, four named women,
6 and any other potential co-conspirators for sexually
7 abusing minors over an extended period of time.
8 And Mr. Edwards and a couple days later I, we
9 filed -- it was a petition seeking to get access to the
10 nonprosecution agreement and also seeking to invalidate
11 that agreement, which essentially, gave immunity to at
12 least five and potentially, you know, many more persons
13 from federal prosecution for federal sex crimes.
14 When the pleading was filed in the District
15 Court, what happened I believe was that the -- you know,
16 it was styled as a petition and the clerk refused to set
17 set an emergency hearing so I think there's a
18 hand-scrawled notation that it's an emergency hearing.
19 And at that point it went into the court and
20 I believe the court gave it a civil caption. The
21 caption that we see reflected here, it's 9:08-CV-80736,
22 and it's a civil case. However the ultimate aim of the
23 action is to try to invalidate a nonprosecution
24 agreement and allow criminal prosecution.
25 Now, our position, as I understand it, and as

1 we tried to articulate it over seven years is that this
2 action is an action that is ancillary to a contemplated
3 criminal prosecution of Jeffrey Epstein, four women who
4 were assisting him in international sex trafficking and
5 the other co-conspirators that would be involved.
6 Judge Marra, I think it's fair to say, there
7 are a whole series of ruling over seven years so I
8 wouldn't want to try to encapsulate them in just a short
9 statement here and I'll just take another minute or so I
10 think we will have this finished.
11 But I think he's essentially ruled that
12 procedural purposes, he's going to treat this case as a
13 civil case and has not yet had to decide whether or not
14 the case is actually a civil action or a criminal
15 action. And that has had some consequences along the
16 way, but we have been, I think generally, proceeding
17 something under the civil rules, you know, for example,
18 on interrogatory -- or with regard to different
19 procedural issues.
20 So to that extent, the procedural rules
21 covering civil actions have been what have been in play.
22 Q. All right. I'm going to go back to this
23 allegation about other minors.
24 A. Yes.
25 Q. Putting aside your communications that you

1 are claiming privilege as -- as to, are you aware of any
2 person who, as of December 30th, 2014, had said, I have
3 knowledge that Professor Dershowitz abused other minors?
4 MR. SCAROLA: I'm sorry. I need to have that
5 question repeated.
6 (Thereupon, a portion of the record was read
7 by the reporter.)
8 MR. SCAROLA: That's fine. You can answer
9 that. Were there any nonprivileged
10 communications of that?
11 BY MR. SIMPSON:
12 Q. My question is -- for purposes of this
13 question, I'm putting aside what you're claiming is
14 scope of privilege. Were you aware of anyone who made
15 the assertion that Alan Dershowitz had abused other
16 minors?
17 A. I didn't have a named person, but I had a
18 pool of persons that I understood would be potentially
19 available to provide that kind of information.
20 Q. So the answer to the question is, no, you did
21 not have a person who had said to you that Alan
22 Dershowitz abused other minors?
23 A. I think that is slightly different than what
24 I just said. I didn't have a named person. I had a
25 pool of people in mind, the names of whom I didn't, you

1 know, know every single one of them, but I had a pool of
2 persons in mind that I thought could provide that
3 information.
4 Q. So at the time you filed the pleading, you
5 didn't have the name of any other minor in mind; is that
6 right?
7 A. No -- well, I had, you know, I had for
8 example 23 names, 24 names in the West Palm Beach Police
9 Department report as potential persons that could
10 provide that information. I also had in mind a broader
11 pool of people, again, some of whom had been identified
12 by FBI, some of whom had not been identified as
13 potentially providing that information.
14 Q. When you say these people have been
15 identified as potentially providing this information,
16 what do you mean?
17 A. What I mean is that, as indicated in the
18 pleading, it was my understanding on December 30th, that
19 Mr. Dershowitz had not only abused Virginia Roberts, but
20 had abused other underage minors and that if we could
21 figure out the names of those girls, we could bring them
22 in and have them testify and explain exactly what he had
23 done to them, explain the crimes he had committed to
24 them
25 And I was hopeful that this was going to be

1 the first step in discovering the names of those girls,
2 not just for purposes of moving this prosecution along,
3 but if we could identify the names of some of these
4 other girls who had been abused we could provide help to
5 them, services to them.
6 So this was a first step in those kinds of
7 developments or what I hoped to be those kinds of
8 developments.
9 Q. So is it fair to say that as of December
10 30th, 2014, you hoped you would be able to develop
11 evidence showing that Alan Dershowitz had abused other
12 minors?
13 A. No. What I had hoped to find was the name of
14 the girl or the girl who would be willing come forward
15 and testify so that we could put them into the case. I
16 mean, let's be clear. This -- we are talking about
17 sexual abuse and it's not just a matter of knocking on
18 somebody's door and saying, hey, would you tell me how
19 you were sexually abused by this very powerful person
20 who was working with an international sex trafficking
21 ring to do this, just -- just right out of the blue or
22 call somebody up on the phone.
23 This is difficult and tricky business. The
24 Federal Government had been trying to do this for years,
25 and Mr. Edwards and I had been trying to do it too, so

1 it's not a simple task.
2 But I very much recall that there were going
3 to be other girls who would come forward and swear under
4 oath that Alan Dershowitz had sexually abused them in
5 exactly the same way as he had sexually abused Virginia
6 Roberts. And that was the basis on which I filed this
7 pleading, along with my colleague Mr. Edwards.
8 MR. SIMPSON: Move to strike nonresponsive
9 portion of the answer.
10 BY MR. SIMPSON:
11 Q. Let me ask you this: In your pleading, in
12 your motion to join, you allege that Professor
13 Dershowitz abused Virginia Roberts, correct?
14 A. Correct.
15 Q. How did adding "and other minors" enhance
16 your legal position in this case?
17 A. So that's -- let me just be clear before I
18 dive into that. It enhanced the legal position in
19 multiple ways, so I am going to end up giving a long
20 answer, I just want to tip you off, if that's what you
21 want, I would be happy to give the extended answer.
22 Q. I would like to know why you alleged "and
23 other minors" given what you have said about your
24 knowledge of the factual basis, so to speak, for that
25 allegation.

1 A. Okay. There are going to be -- I'm going to
2 end up giving you nine reasons, each of which is
3 complicated, so I just want to -- I don't want to be
4 accused of filibustering or anything. I just want you
5 to know that you have asked a broad question that's
6 going to require a broad and extended answer.
7 Q. Answer the question.
8 A. Okay. Then I'm going to refer to a -- I have
9 a -- well, actually, I don't.
10 Q. Let me ask you this: Before you refer to
11 something --
12 A. Yeah.
13 Q. -- please give me your best recollection of
14 what the basis was, the factual basis that you had in
15 mind, if the court said to you -- let me put it this
16 way.
17 If you went to court and Judge Marra said,
18 Professor Cassell, what's your factual basis for this
19 allegation? Tell me. What would you say?
20 A. Right.
21 MS. McCAWLEY: Wait. Outside the context of
22 of anything that's been communicated to you.
23 MR. SCAROLA: Excuse me. You have asked two
24 different questions now and I need to understand
25 which question you are asking.

1 The question that you posed before just now
2 was: What was the reason for your including
3 those allegations in this pleading? Now you have
4 asked: What is the factual basis? And that's
5 going back to questions that we have already
6 covered and we have, I think, exhausted the
7 ability to respond to that question outside of
8 privileged information.
9 Do you want to go back to the question about
10 what was your reason for including those
11 allegations?
12 MR. SIMPSON: I'll ask the question a
13 different way.
14 MR. SCAROLA: Thank you.
15 BY MR. SIMPSON:
16 Q. Mr. Cassell, I'm going to ask you if you're
17 in court and Judge Marra said to you, counsel, what is
18 the factual basis for your allegation that Professor
19 Dershowitz abused other minors, what would you say? And
20 if you wouldn't say something because it's privileged,
21 then don't include it. What would you tell the judge
22 was your basis for this?
23 A. All right. So the initial basis for it
24 was --
25 MR. SCAROLA: First of all, let me object

1 because Professor Cassell is not here as an
2 expert witness and hypotheticals are
3 inappropriate. You're calling for speculation on
4 his part and I'm not going to instruct him not to
5 answer, but it is an improper question.
6 MR. SIMPSON: I disagree, but you can answer
7 the question.
8 THE WITNESS: Right. So the factual basis
9 would -- we are setting aside attorney/client
10 communications, right?
11 BY MR. SIMPSON:
12 Q. I'm asking: What would you tell the judge?
13 A. Right. So that -- that's speculative. I
14 don't think I can give a fair answer at this point
15 because that would have involved going back to my client
16 and carving out what kinds of things we were going to
17 present to Judge Marra in light of the posture of the
18 case at that point.
19 So it's a speculative question. I would
20 have -- let me just, without going into any
21 attorney/client privileged communications, I would have
22 provided an ample factual basis for those allegations.
23 MR. SIMPSON: Move to strike as
24 nonresponsive.
25 BY MR. SIMPSON:

1 Q. Let me ask this way: We have talked somewhat
2 about the basis for this allegation about other minors.
3 Putting aside information as to what you're claiming
4 privilege, tell me what you knew as of December 30th,
5 2014, that formed the factual basis for your -- for that
6 allegation about other minors?
7 MR. SCAROLA: And I'll instruct you not to
8 answer that question for the same reason that
9 when the same question was asked earlier, I
10 instructed you not to answer.
11 MR. SIMPSON: I'm -- maybe we are not being
12 clear, Jack. I'm asking him to put aside -- I
13 mean, certainly, he filed a pleading. You've
14 asserted privilege as to certain aspects. I'm
15 simply asking him, putting aside whatever you're
16 claiming privilege for, right, so I'm not asking
17 you right now to tell me anything you're claiming
18 as privilege.
19 BY MR. SIMPSON:
20 Q. Tell me whatever is not privileged that
21 supports that allegation.
22 A. Okay. The privileged information obviously
23 you're asking me not to reveal at this point.
24 Q. I'm asking you to tell me the nonprivileged
25 information -- and I'm not agreeing with your privilege

1 assertion --
2 A. Sure.
3 Q. -- but purpose of this question --
4 A. For purposes of this question.
5 Q. -- I'm accepting it.
6 Putting aside what you claim is privileged, I
7 want to know everything that's the factual basis for
8 including the allegation about other minors.
9 A. Okay. The privileged information which I'm
10 not disclosing in any way would have interacted with a
11 vast body of other information. The vast body of other
12 information would have started with an 89-page police
13 report from the Palm Beach Police Department that showed
14 for about a six-month period in 2005, there was sexual
15 abuse of minor girls going on on a daily basis, in --
16 whenever Jeffrey Epstein was in his Palm Beach mansion.
17 And on some cases, it was going on, not once,
18 not twice, but three times during the day. That -- let
19 me just be clear. I mean, I referred to the 89-page
20 police report. I have offered to put it into the record
21 if it would speed things up.
22 Let's just talk about some of the things that
23 are in that 89-page police report. This was a very
24 intensive investigation that the Palm Beach Police
25 Department put together. They did, for example, what

1 are called trash covers; that is when trash came out of
2 the mansion of Epstein, the police would intercept the
3 trash and then they would go through the trash and look
4 for incriminating information.
5 And what they began to discover was memo
6 pads -- and I say memo pads, let's be clear. Pad after
7 pad after pad or I guess I should say, sheet after sheet
8 after sheet, that had the name of a girl. And then
9 there was the notation of something to the effect of a
10 massage. And so the Palm Beach Police Department began
11 tracking down -- wait a minute, these are girls giving
12 massages and they don't seem to have any specialized
13 training in massages; they don't seem to be masseuses in
14 any sense of the term; what's going on here?
15 And so the Palm Beach Police Department
16 began, you know, I guess what we would call
17 knock-and-talks, knocking on doors to try to get to some
18 of these girls, and they would get to the girls and many
19 of them initially were -- were afraid to explain what
20 had happened.
21 But as they as they continued talking to
22 them, the girls began to explain that what was happening
23 was, they were going over to Epstein's house under the
24 guise of giving a massage, and when they got there, the
25 massage was, in fact, sexual activity. And for many of

1 the girls, as I said around 23, 24 something along those
2 lines, they were underage; they were under the age of
3 consent in Florida.
4 And so each and every one of those events was
5 a crime being perpetrated -- and let's be clear, not
6 just being perpetrated by Epstein, but by other people
7 who were involved there at the mansion.
8 And so what the Palm Beach Police Department
9 was putting together was that this mansion in Florida
10 was the next of sexual abuse of young girls here in
11 Florida that involved literally, in this period of time,
12 more than a hundred events that they were able to
13 document of sexual abuse. When you put that together
14 with the pattern or practice that was being revealed
15 there, there were hundreds of acts of sexual abuse going
16 on in the mansion.
17 But then what becomes -- and in this is where
18 I indicated the answer would continue on -- the problem
19 was that the evidence was starting to show that this was
20 a much broader series of events. For example, there
21 were flight logs showing that Mr. Epstein was then
22 flying with underaged girls and those flight logs, you
23 know, as the flight logs began to develop, for example,
24 we have seen -- I know in the last day or two here, one
25 underage girl was Virginia Roberts who is on the flight,

1 you know, with Epstein, and with Maxwell, and those
2 sorts of things.
3 So you start to look at the flight logs and
4 you see what's going on is not just events that are
5 occurring in Florida, but it's occurring on a multi
6 state basis which now starts to make it a federal crime.
7 For example, we are seeing evidence that -- let's just
8 talk about Virginia Roberts since she's central to this
9 case.
10 We are seeing Virginia Roberts being flown
11 from Florida to New York where she's in the clutches of
12 Jeffrey Epstein who is sexually abusing her, you know,
13 many times a week. And not just Jeffrey Epstein, but
14 other powerful persons, for example, Ghislane Maxwell is
15 there with him on all of these flights and apparently
16 being involved in the abuse.
17 Indeed -- and so you have you have -- you
18 have -- you have that. You also start to see on the
19 flight logs, what to my mind are some very sinister
20 things, suggesting that the pattern is not just confined
21 to sort of, you know, the girls that are there in
22 Florida, but it is extending more broadly.
23 Like one to my mind sinister and scary things
24 on the flight logs is we see, you know, Virginia Roberts
25 who we know has been sexually abused and we see Jeffrey

1 Epstein and then we see on the flight logs one female,
2 that's kind of an odd notation for a flight log because,
3 you know, typically, I understand flight logs, the
4 purpose is, well, if something happens with the flight,
5 or there's some question about who was on and you want
6 to know who the person was who was on the flight.
7 So, to my mind, when I started to see on
8 these flight logs entries like one female, I view that
9 as a potential device for obscuring the fact that there
10 was interstate trafficking of underage girls for
11 purposes of sexual activity. Serious federal offenses.
12 But then the evidence extended, you know,
13 more broadly than that. The evidence also started to
14 show again if we talk just about flight logs, that
15 the -- that underage girls such as Virginia Roberts were
16 being flown internationally from, for example, Teterboro
17 in New York to locations just to pick one, for example,
18 in London, where again sexual abuse was occurring.
19 And so you started to put together this
20 pattern of criminality that was started in this, you
21 know, I don't know what the right word is here, I don't
22 know -- I don't want to -- you know, you've heard
23 discussions of hyperbole and things like that, but we
24 have got this nest of, I won't say snakes, but we have
25 this nest of criminals in Florida, but it seems to be

1 spreading to Epstein's mansion in New York, it seems to
2 be spreading to Ghislane Maxwell's flat in London,
3 and -- and it goes on.
4 So those are the kinds of things that would
5 have formed the -- the -- the basis. Particularly when
6 you start to add in this fact, what the Palm -- going
7 back now to Florida with the Palm Beach Police
8 Department, the Palm Beach Police Department had
9 discovered, was a not one-off kind of event, one
10 particular day, one particular girl had been sexually
11 abused. What the Palm Beach Police Department had
12 discovered was brazen, notorious, repetitive activity
13 sometimes occurring as often as three times in a
14 particular day. And so that led me to believe that the
15 sexual activity that was going on in Florida was such
16 that someone who was a regular house guest there would
17 have immediately come to the conclusion that, well,
18 look, gee, there are these underage girls coming in here
19 and they seem to be -- you know, they don't seem to be
20 here to be doing business activities, they might be here
21 doing other kinds of activity. So those would be the
22 kinds of things that would -- would have formed the
23 factual basis.
24 There are other things as well, but I'm sure
25 you want to ask other questions in addition to that. So

1 I'll stop there, but those -- that's -- I think gives
2 you a small flavor of the kind of evidence that, you
3 know, was undergirding the allegations that were being
4 presented here.
5 Q. It sounds like you quite passionately believe
6 that there was strong evidence that Mr. Epstein had
7 engaged in sexual misconduct; is that right?
8 A. I think "strong" understates it.
9 Q. In the course of that long answer, you didn't
10 mention Professor Dershowitz's name once.
11 A. I said flight logs. Let's talk about flight
12 logs.
13 Q. Let me back up. You didn't answer his
14 name -- mention his name once; is that your recollection
15 as well?
16 A. That's correct. We were talking about a
17 factual basis and I'll be glad -- I told you that there
18 were other things if you want, factual basis for
19 Mr. Dershowitz, I'll be glad to add that in. Let me --
20 I would like to supplement my answer then if I could.
21 Q. Do you want to look at a document?
22 A. Yes.
23 Q. Let me first -- have we exhausted your
24 recollection without documents of all the evidence that
25 you would refer to to support the allegation that

1 Professor Dershowitz abused other minors?
2 A. No.
3 MR. SCAROLA: And let me say that you have a
4 right to refer to whatever documents you choose
5 to refer to, to be sure that you give a complete
6 response to the question that has been asked, as
7 long as you understand that whatever you refer to
8 is going to be available to the other side and we
9 would be happy to make it available to you.
10 MR. SIMPSON: And I'll give you an
11 opportunity to look at that --
12 THE WITNESS: Sure --
13 BY MR. SIMPSON:
14 Q. -- but I'm entitled to ask first about your
15 recollection.
16 A. Okay.
17 Q. Based on your recollection, I want to know
18 all the evidence you're relying on here?
19 A. Right. So what I'm going to do, I'm going to
20 make a list here on my notepad of all the things and
21 then I'm going to compare that with notes I have here.
22 There may be couple things I don't cover.
23 Q. As long as your counsel is okay with that?
24 A. Yeah.
25 Q. You understand you'll have to give that to

1 me?
2 A. Yeah, I'll give you the notes and then I will
3 compare with what I've got there.
4 Q. All right.
5 A. So I mentioned the Palm Beach Police
6 Department report. The next thing that I want to
7 mention is the Jane Doe 102 complaint. In August of
8 2009, Bob Josefsburg, who is from what I understood a
9 very well-regarded lawyer here in Florida; in fact, a
10 lawyer that was selected by the United States Government
11 to represent a number of the girls that had been
12 sexually abused by Jeffrey Epstein. He was part of the
13 procedure that was including the nonprosecution
14 agreement.
15 In August of 2009 he filed a complaint on
16 behalf of Virginia Roberts. That complaint indicated
17 that Virginia Roberts had been sexually abused in
18 Florida, in New York, and in other places as I recall.
19 The thing that I particularly recall was that
20 Mr. Josefsburg had said Virginia Roberts was abused
21 by -- he gave some categories of people.
22 He mentioned, I think, business people, he
23 mentioned royalty, and he mentioned academicians. And
24 so to tie into your question, I knew that Professor
25 Dershowitz was an academician, and so what I was seeing

1 now was, that according to a very, very respected
2 attorney here in Florida, he had found Virginia Roberts
3 to be credible. And had filed a lawsuit against
4 Mr. Epstein saying that she had been trafficked,
5 sexually trafficked, you know, not just abused by
6 Mr. Epstein, but now being forcibly sent to, you know,
7 other people to abuse. And in the categories of people
8 that were sexually abusing her were academicians and I
9 knew that Mr. Dershowitz fell within that category of
10 being an academician.
11 That complaint also indicated that there
12 might be flight logs that would show that Virginia
13 Roberts had been sexually abused in these various
14 locations. And that started to indicate to me that
15 there might be what the law refers to as a common scheme
16 or plan. And that just as Virginia Roberts was being
17 trafficked to these powerful people in various places,
18 there might well be other girls.
19 And so I have mentioned a flight log and you
20 wanted to talk about Mr. Dershowitz. On December 30th,
21 2009, I was aware that there was a flight log showing
22 Mr. Dershowitz flying with Tatiana (indicating), who as
23 far as I can tell was not a business person, was not
24 providing financial advice or something else.
25 I understood that Mr. Epstein was a

1 billionaire who was heavily involved in financial
2 issues. I knew that Tatiana was on plane with
3 Mr. Dershowitz and then there was also, if I recall
4 correctly working from memory as you were wondering
5 about, there was a notation that Mr. Dershowitz was on a
6 plane with one female.
7 And so I was -- when I looked at that, I'm
8 seeing Mr. Dershowitz on a flight with a women who
9 doesn't seem to be there for, frankly, anything other
10 than sexual purposes or something along those lines with
11 Mr. Epstein, with Mr. Epstein, who is a sex trafficker,
12 and with one female which seemed to me to be a
13 potentially entry for disguising international sex
14 trafficking. So that was of concern.
15 I then began to look at, well, I wonder, how
16 would I find out if Mr. Dershowitz had been abusing
17 other girls? Let's see, I knew that Virginia Roberts
18 had been forced to -- to -- to do this sort of thing...
19 MS. McCAWLEY: You're okay as long as
20 you're -- if you're revealing something in an
21 affidavit, that she submitted, you're fine.
22 THE WITNESS: Right. So -- so what... let's
23 see. At this point --
24 BY MR. SIMPSON:
25 Q. Do you want the question back?

1 A. No, I'm just trying to remember what I was
2 thinking about with -- with regard to --
3 MR. SCAROLA: Do you need the response read
4 back up to the point --
5 THE WITNESS: If you would do that.
6 MR. SCAROLA: -- about privilege. Just read
7 the last couple of sentences back or the last two
8 sentences.
9 THE WITNESS: Oh, I'm sorry, now I remember
10 exactly.
11 How would we go find out whether Mr. Epstein
12 was lending women, or in this case, underage
13 girls to Mr. Dershowitz for sexual purposes?
14 Well, the first thing I want to do was ask -- I
15 will ask go Jeffrey Epstein.
16 And so what I discovered when I started to
17 look at the transcripts, there were a number of
18 transcripts where Mr. Epstein was asked about
19 Alan Dershowitz. And rather than say, well, no,
20 he wasn't involved in any of these illegal
21 activities, Jeffrey Epstein took the Fifth as the
22 phrase, you know, to be more precise, he
23 exercised his right against compelled
24 self-incrimination and refused to answer the
25 question, which since these were civil cases

1 indicated to me, since he was being represented
2 by very experienced legal counsel, that there was
3 more than an insignificant risk of incriminating
4 himself if he answered that.
5 And so Jeffrey Epstein now had taken the
6 Fifth. And one of the things that I was aware of
7 having been involved in, you know, civil
8 litigation and criminal litigation in other
9 cases, once somebody refuses to answer a question
10 like, you know: Do you know Mr. Dershowitz, and
11 they take the Fifth on that, that you're then
12 entitled to draw what's called an adverse
13 inference. You can infer that, well, if they
14 answered that question --
15 MR. SCAROLA: Excuse me.
16 MS. McCAWLEY: Yeah, I want to make an
17 objection here --
18 MR. SCAROLA: Pardon me. Could you please
19 try to control your client who keeps jumping up
20 and down and distracting everybody in the room?
21 MS. McCAWLEY: Yeah, and there was also
22 profanity used earlier. I mean, we just have to
23 settle down on this side, take a deep breath, and
24 let him answer his questions.
25 MR. SIMPSON: Look, I mean, the same thing

1 was happening on the other side.
2 MR. SCAROLA: No, sir. No, no, no. There
3 was never anyone who jumped to their feet at any
4 time during the course of the last two days. The
5 only person who keeps jumping up is Alan
6 Dershowitz. Have him pass you a note quietly if
7 you would, please.
8 MR. SIMPSON: I will disagree with your
9 characterization, but let me say the
10 argumentation --
11 MR. SCAROLA: Are you making the
12 representation --
13 MR. SIMPSON: No, I'm not.
14 MR. SCAROLA: -- that somebody on this side
15 of the room jumped up?
16 MR. SIMPSON: No, no, no, I'm not.
17 MR. SCAROLA: Okay. Thank you. I appreciate
18 that.
19 MR. SIMPSON: And I --
20 MR. SCAROLA: And you do acknowledge that
21 Mr. Dershowitz has repeatedly been jumping up in
22 the middle of testimony, correct?
23 MR. SIMPSON: That's -- he just got up and
24 came over to me, that's the only time I'm aware
25 of because I'm looking at the witness, but he did

1 just do that, and I will pass notes. We won't
2 get up.
3 MR. SCAROLA: Okay. Well, I will -- I will
4 for the record, as an officer of the court,
5 represent that there have been multiple times
6 during the course of Professor Cassell's
7 deposition when Alan Dershowitz has jumped up in
8 the middle of the testimony and excitedly
9 whispered in your ear.
10 You may not have realized it because you were
11 focusing on the witness, but everybody on this
12 side of the room has been distracted by his
13 unprofessional conduct.
14 MR. SIMPSON: I'm not going to argue with
15 you.
16 MR. SCAROLA: Thank you.
17 MR. SIMPSON: I disagree with that
18 characterization. There is another attorney
19 sitting between us. We will pass notes.
20 MR. SCAROLA: Thank you.
21 MR. SIMPSON: And I believe, Ms. McCawley,
22 were you instructing not to answer or what was
23 happening? What did you -- what were you
24 raising?
25 MS. McCAWLEY: No. There was a lot of

1 yelling going on here, so I was trying to make
2 sure that everybody was quiet so that the client
3 could answer.
4 MR. SIMPSON: All right. Let me back up.
5 Professor Cassell, I think you were in the middle
6 of an answer?
7 THE WITNESS: Yeah, I was.
8 MR. SIMPSON: Could the court reporter read
9 me the last two lines of your answer?
10 (Thereupon, a portion of the record was read
11 by the reporter.)
12 BY MR. SIMPSON:
13 Q. Can you pick up then?
14 A. Sure. I'll pick up the ans -- so I was
15 beginning to draw an adverse inference when Jeffrey
16 Epstein, who is at the heart of the sexual abuse of not
17 only Virginia Roberts, but dozens and dozens and dozens
18 of girls literally scattered across the globe, takes the
19 Fifth, refuses to answer the question.
20 Off the top of my head, I can't recall
21 exactly, but something along lines of: Do you know Alan
22 Dershowitz? And he says, I take the Fifth. That sort
23 of, frankly, startled me, that this international sex
24 trafficker was taking the Fifth now when asked about
25 Mr. Dershowitz.

1 And so I was stymied in trying to get
2 information from Mr. Epstein at that point. I think
3 there were two depositions, if I recall correctly off
4 the top of my head, that I had an opportunity to review
5 in which he took the 5th when asked questions about
6 Dershowitz.
7 So at that point in trying to figure out, you
8 know, whether Mr. Dershowitz was involved in sexually
9 abusing not only Virginia Roberts, but in other girls,
10 then you go down to the next level, next layer of the
11 criminal conspiracy. Epstein is at the top, so you go
12 to the next layer. These are, you know, basically the
13 women who, from what I could gather, were older than the
14 age that Epstein wanted to sexually abuse. I think
15 these were 22, 23-year-old girls, so they had, you know,
16 essentially aged out of being his sexual abuse victims,
17 but they continued to -- what they would do is collect
18 girls for him under the age of 18, that I guess was in
19 his target range.
20 And so what -- so the next person I wanted to
21 talk to, you know, and get information from was Sarah
22 Kellen. Sarah Kellen is on a lot of these flight logs
23 with, you know, these girls that -- or women and with
24 Epstein and others, and so I wanted to talk to Sarah
25 Kellen.

1 But what I discovered there was that when
2 Sarah Kellen was asked about Alan Dershowitz, she took
3 the Fifth and she wasn't the only one. There was
4 Miss Mucinska who also took the Fifth when asked
5 questions about Alan Dershowitz.
6 And then there was Marcin -- Miss Marcinkova
7 who also took the Fifth. So what we -- what I had at
8 this point was Jeffrey Epstein's international sex
9 trafficking organization. I had the next echelon and
10 both the top kingpin of the sex trafficking organization
11 and the next echelon had taken the Fifth, had refused to
12 answer questions about Alan Dershowitz.
13 And so at that point, I was drawing an
14 adverse inference, not just from one person, but from
15 four persons and that adverse inference was being
16 strengthened by the surrounding circumstances, some of
17 which we have already talked about.
18 One of the things that really bolstered the
19 adverse inference that I was drawing in this case was
20 that I've mentioned those three girls, Kellen, Mucinska,
21 and Marcinkova, they were all covered by a
22 nonprosecution agreement. And the nonprosecution
23 agreement was highly unusual.
24 I had been a federal prosecutor for about
25 four years, I had been a federal judge for about

1 five-and-a-half years, so I had seen a lot of, you know,
2 nonprosecution types of arrangements. And one of the
3 things that was very unusual in this one is, it has what
4 I'll refer to as the blank check immunity provision.
5 There was a provision in the nonprosecution
6 agreement that said, this agreement will prevent federal
7 prosecution for international and interstate sex
8 trafficking, not only of Jeffrey Epstein, and not only
9 of the four women who were identified, but -- and this
10 is a direct quote: Any other potential co-conspirator,
11 close quote. And so that was unusual because what it --
12 what it seemed to be doing was somehow this agreement
13 was quite out of the normal and had been designed to
14 extend immunity to other people that might have been
15 associated with Epstein.
16 And I knew that that category included the
17 people that were involved in negotiating this highly
18 unusual provision included Mr. Dershowitz who had been
19 heavily involved, not only in the drafting of the
20 agreement, but had also been involved remarkably in
21 attacking the credibility of these girls and saying
22 things like, you know, it was -- Epstein wasn't
23 targeting minor girls, which just struck -- you know, I
24 was -- I don't want to use a technical term,
25 gob-smocked, that a defense attorney with an obligation

1 to tell the truth was making a factual representation
2 that Jeffrey Epstein was not targeting minor girls, when
3 the Palm Beach Police Department had collected, you
4 know, 23 of them that had all given essentially
5 interlocking stories about how they had all gone over
6 this house, you know, the mansion, to give a massage and
7 when they had gotten, there they had been sexually
8 abused.
9 So the kingpin wouldn't talk. The next
10 echelon of the trafficking organization wouldn't talk.
11 So the next step was to say, okay, let's see if we can
12 find somebody, you know, lower level in there, you know,
13 a household employee or something like that, maybe they
14 will have some information about, you know, what this
15 criminal organization is doing.
16 Now, let's understand, you know, given the
17 pervasiveness of the criminal activity, I wasn't
18 convinced that they were going to be able to get in
19 there and start saying exactly what was going on because
20 they might well be exposing themselves to criminal, you
21 know, criminal culpability.
22 But I was able to read a sworn deposition
23 from Juan Alessi and Juan Alessi, I don't know, maybe
24 just to speed things up today, I won't go through all
25 the things that are said there, but Alessi puts

1 Mr. Dershowitz at the nest of this international sex
2 trafficking organization, let's see, I think he said
3 four or five times a year, two or three -- you know, two
4 or three days when he goes there.
5 And let's be clear, I know Mr. Dershowitz,
6 had said at some point like, I'm an attorney, that's my
7 client. So Alessi said, no, but this was not in a
8 lawyer/client capacity, this is in a friend capacity.
9 So now we have Alessi putting him there at
10 the same time when young girls were there. And one of
11 the things that I picked up -- so is Alessi, is he able
12 to figure out how these girls are? A photograph of
13 Virginia Roberts is shown to Juan Alessi in the
14 deposition, and he I.D.s the photograph as, you know,
15 V.R., so he had put two and two together.
16 So now I've got V.R. coming to the house at a
17 time when Mr. Dershowitz is also in the house, and
18 apparently spending, you know, two to three nights there
19 and doing this four or five times a year.
20 Now, Alessi wasn't the only one. There was
21 Alfredo Rodriguez who was there about 2004 to 2005,
22 after the time period of Virginia Roberts, but it's part
23 of the common scheme or plan that we've been discussing
24 here.
25 And so in 2005, Alfredo Rodriguez says, yeah,

1 again, Mr. Dershowitz is there at a time when these
2 massages are going on, and when you start to look at
3 Alessi and Rodriguez's statements in context where they
4 are saying, he's there at the same time of the massages
5 are occurring, and with the West Palm Beach Police
6 Department reports showing that massages are of a sexual
7 nature, again, it started to put two and two together.
8 One of the things that was particularly
9 important about Rodriguez's situation was that Rodriguez
10 had an access to what's been called the little black
11 book. I think he referred to it as the holy grail.
12 This was Jeffrey Epstein's, you know, telephone book
13 where he had telephone numbers in it. And so Rodriguez
14 had that and, you know, I guess thought that this was
15 would be worth a lot of money because it would -- it
16 would identify all of the people that have been sexually
17 abused by Jeffrey Epstein. And so he tried to sell it,
18 the FBI busted him for that. And when the FBI busted
19 him, now he's got this book. And so the book went to
20 Alessi and according to a later FBI report, Alessi
21 identified information that was pertinent to the FBI's
22 investigation.
23 And so when I look at the little black book
24 that I have seen copies of, there are a handful of names
25 in that black book that have been circled, apparently by

1 Mr. Rodriguez, and one of the names that's -- that --
2 that has been circled is Alan Dershowitz. And so that,
3 to me, was suggesting that Mr. Rodriguez had identified
4 Alan Dershowitz as somebody who had information about
5 this international sex trafficking ring.
6 Just as a side note, but an important note,
7 the thing that was circled on the Alan Dershowitz page
8 was not a single phone number indicating somebody
9 Epstein had bumped -- you know, Epstein had bumped into
10 at one point.
11 I believe there were 10 or 11 phone numbers
12 that were associated with Mr. Dershowitz that had all
13 been circled and an e-mail address as well. So that
14 started to corroborate my sense that Mr. Dershowitz was,
15 indeed, a very close friend of Jeffrey Epstein.
16 Now, I had then continued to do -- there's
17 been reference today to using Google to do research and
18 so forth, so I Googled Jeffrey Epstein and one of the
19 things that pops up rather rapidly is an article in
20 Vanity Fair and what you see in that article is, you
21 know, discussion about Mr. Epstein, but when you're
22 trying to do a profile of someone, you try to figure out
23 who that person's closest friends are.
24 And so the Vanity Fair author had gone to
25 Alan Dershowitz, you know, our Mr. Dershowitz here, and

1 had asked him, hey, what do you know about Jeffrey
2 Epstein? And, again, off the top of my head, you want
3 to know what I can remember right now.
4 What I can remember right now is that in the
5 Vanity Fair article, the -- in the Vanity Fair article,
6 Mr. Dershowitz said, I've written 20-some odd books.
7 There's only one person outside my immediate family with
8 whom I share drafts and that's Jeffrey Epstein.
9 So I took that as indicating a very close
10 personal association that, you know, among the people
11 that obviously he's sharing these kinds of things that
12 he wants evaluated before he shares them with the
13 broader world. There's his immediate family and then
14 there's Jeffrey Epstein.
15 There was also another similar quote in the
16 article that indicated that -- that Mr. Dershowitz said
17 that he wasn't interested in Epstein just because he has
18 a lot of money. I mean, Epstein was identified as a
19 billionaire -- billionaire with a B, so the record is
20 clear.
21 But he said, look, if Epstein wants all his
22 money, and I'm paraphrasing here, I will be happy to
23 walk down, you know, the Coney Island Boardwalk with him
24 and discuss things with him, even if he didn't have any
25 money.

1 So now I'm seeing Dershowitz is a very close
2 personal friend of Jeffrey Epstein. And then I started
3 to look at flight logs. There were some very
4 interesting things that I noticed on the flight logs.
5 One of the things I noticed was when I began
6 to, you know, get into this, that you know, I was
7 wondering, well, how do these flight logs come into the
8 possession of, you know, law enforcement agencies? And
9 the answer turned out to be that they had been provided
10 by Epstein's defense attorney and, you know,
11 coincidentally I suppose, or in my mind suspiciously,
12 they were not provided by just any defense attorney on
13 this rather large defense team.
14 They were provided by one attorney according
15 to Detective Riccari ^ (ph). Detective Riccari
16 testified under oath that the flight logs were provided
17 to him by Alan Dershowitz.
18 So one of the things that was interesting
19 was, Dershowitz has had access to these flight logs and
20 now I'm beginning to wonder, well, has there been an
21 opportunity to sanitize those flight logs or remove any
22 incriminating information?
23 And one of the things that was interesting
24 about the flight logs that were produced, I believe,
25 just so the record is clear, that was Exhibit 1 that --

1 if I could refer -- I need to refresh my recollection --
2 well, you may not want me to look at a document.
3 It was either Exhibit 1 or 2 this morning
4 during Dershowitz's deposition which was covering a time
5 period of January to, I believe, September 2005. These
6 were flight logs that were produced by Mr. Dershowitz to
7 the Palm Beach Police Department.
8 When you wonder why did they stop in
9 September, you know, why stop in September 2005? What's
10 the significance of that? Well, later on, additional
11 flight logs were obtained, and sure enough, who shows up
12 on an October 2005 flight log with Jeffrey Epstein?
13 Mr. Dershowitz.
14 So that led to a suspicion that
15 Mr. Dershowitz had provided to the Palm Beach Police
16 Department flight logs that, the time period of which
17 for the production had been carefully crafted to keep
18 him out of it; in other words, to not produce the
19 October 2005 version.
20 The other thing I began to discover is, I
21 started going through some flight logs. Dave Rogers,
22 who is one of I think about three pilots that Epstein
23 regularly relied on to fly his -- he had very fancy --
24 to use the technical term -- jets. There were about
25 three pilots there.

1 One of them had some flight logs and that was
2 the pilot, Dave Rogers, if I'm recalling his name
3 correctly. And so later on in the litigation, the sex
4 abuse litigation against Epstein, flight logs were
5 obtained from Dave Rogers and it was possible to -- to
6 compare -- I'm sorry, I don't mean to -- I want to make
7 sure I get -- you know, the question is how much can I
8 remember and I'm trying to make sure I get it all in.
9 And so the flight logs were produced from
10 Dave Rogers. And so Dave Rogers produced some flight
11 logs and some of the flights that he produced logs for
12 coincided with the logs that Mr. Dershowitz had provided
13 to Palm Beach Police Department and there were
14 inconsistencies.
15 And so that again aroused my suspicion that
16 maybe Mr. Dershowitz when he had --
17 MR. SCOTT: I just got a call from a lawyer
18 on the screen. His phone is not working,
19 Epstein's lawyer, Darrin Indyke. Do you want to
20 take a break for a second?
21 MR. SIMPSON: Why don't we let him finish his
22 answer.
23 MR. SCAROLA: Finish the answer.
24 MR. SCOTT: You're right.
25 MR. SCAROLA: Although it may take a while.

1 THE WITNESS: It's, I mean, the question --
2 MR. SCAROLA: Yeah. But let's --
3 MR. SCOTT: I don't care.
4 MR. SCAROLA: Let's go ahead and finish.
5 MR. SCOTT: Let's go ahead and finish the
6 answer. We heard this much. I don't want to
7 break him on a roll.
8 MR. SCAROLA: Thanks.
9 THE WITNESS: Right. I mean, I want to
10 make -- I want to make clear that there was a lot
11 of information that I was relying on in filing
12 this pleading, and of course, the later pleading.
13 So we are on the subject of flight logs.
14 Flight logs showed that the flight logs that
15 Mr. Dershowitz had produced to Detective Riccari
16 were incomplete and inaccurate. And so that led
17 to concern on my part that Mr. Dershowitz had had
18 an opportunity to sanitize the flight logs, had
19 provided incomplete production, you know,
20 obviously, very important production that the
21 Palm Beach Police Department was looking at.
22 Then we got some additional flight logs from
23 Dave Rogers. What those flight logs showed --
24 first off, let's talk again about the production
25 of those flight logs.

1 My recollection is that Dave Rogers's flight
2 logs were provided by Bruce Rinehart ^ (ph) who
3 is a former Assistant U.S. Attorney who had been
4 inside the Southern District of Florida office at
5 a time when the Epstein case was the subject of
6 regular discussion in that office.
7 And then he had gone to work for some kind of
8 a law firm or private operation that was located
9 adjacent to Mr. Epstein's business. And so, now,
10 Rinehart, who appeared to be being paid by
11 Mr. Epstein and certainly was adjacent to
12 Mr. Epstein's business office, was producing
13 these flight logs. So that, again, aroused
14 suspicion that the flight logs that were being
15 produced would have been sanitized or inaccurate.
16 But even -- I mean, I think the problem with,
17 you know, you can't sanitize everything, that
18 would be too suspicious. And so what was -- what
19 was evident on these flight logs was, for
20 example, approximately ten flights by
21 Mr. Dershowitz with Tatiana has been discussed,
22 with Maxwell, with Jeffrey Epstein. One of them
23 had one female, which again in the context that I
24 was looking at, seemed to be a potential code
25 word for underage, underage girl.

1 And so those flight logs showed, you know,
2 again, close association and travel with --
3 with -- with Mr. Dershowitz, and Mr. Epstein.
4 Another thing that I had, and I will not reveal
5 any privileged communications here or any
6 confidential information, but on December 30th, I
7 was aware that one of the preeminent lawyers in
8 the United States, David Boies, had agreed to
9 represent Virginia Roberts and given the vast
10 amounts of business that tries to get in the
11 door --
12 MR. SIMPSON: Could I interrupt? I think we
13 are going towards a waiver here.
14 MS. McCAWLEY: Yeah.
15 MR. SIMPSON: We can't have testimony
16 about -- this is one most respected people in the
17 country or lawyers in the country and then you
18 won't answer the questions.
19 THE WITNESS: Okay.
20 MR. SIMPSON: You said not to answer.
21 MS. McCAWLEY: Well, describing David Boies
22 in general doesn't constitute waiver.
23 MR. SIMPSON: I agree with the description;
24 he's a distinguished lawyer.
25 MR. SCAROLA: And I don't think we are

1 getting beyond anything that is a matter of
2 public record.
3 MR. SIMPSON: I just --
4 MS. McCAWLEY: But I appreciate you letting
5 me know that.
6 THE WITNESS: All right. I will not waive
7 anything, and if I start to do that, I would
8 certainly request the opportunity to retract what
9 I'm doing, but I was aware, since the issue is,
10 well, what's in the public record, I was aware
11 that, you know, probably the most significant
12 United States Supreme Court case argued in the
13 last 20 years was Bush versus Gore, which was a
14 case that essentially determined who was going to
15 be President of the most powerful country in the
16 world.
17 There were two attorneys who argued that case
18 in front of the United States Supreme Court and
19 arguing for the Democratic Presidential
20 Candidate, Al Gore, was David Boies. He had put
21 his credibility on the line in arguing the Bush
22 versus Gore case, and without going into any
23 confidential communications or trying to waive in
24 any way, I knew that David Boies had agreed to
25 represent Virginia Roberts which gave me

1 additional confidence in the fact that I was also
2 representing this young woman in her effort to
3 bring sex traffickers to justice, and those who
4 had sexually abused her to justice.
5 And so those are things that come to mind
6 immediately as -- let me just take a second and
7 see if there were other things regarding
8 Dershowitz that come immediately -- immediately
9 to mind.
10 Oh, one of the things was in the Jane Doe 102
11 complaint which alleged academicians that had --
12 that had abused -- sexually abused Jane Doe 3,
13 there -- there were -- so that raises a question,
14 obviously, of who were the academicians that Bob
15 Josefsburg had identified.
16 I can't recall, actually, the record should
17 be clear, I can't recall immediately whether it
18 was singular or plural. It may have been plural,
19 but if it's singular, I don't want to suggest
20 that there were other academicians, but at least
21 one academician had sexually abused Jane Doe 3
22 according to the complaint that had been filed by
23 Bob Joseph ^ [sic].
24 There were two things of interest to that:
25 One was that Mr. Epstein, the man that I wasn't

1 able to get information from because he was
2 invoking the Fifth, had refused or declined to
3 file an answer to that complaint.
4 Rather than deny the allegations, he had
5 ultimately, it's my understanding -- I don't have
6 inside information and I'm not trying to waive
7 any information, but my understanding is that
8 rather than answer the complaint, he settled the
9 case through the payment of some kind of
10 compensation that Jane Doe 102 found desirable
11 for dropping her claim.
12 The other thing that I found interesting is
13 that Josefsburg's partner, I believe it is,
14 Miss Isell (indicating), had been to some of the
15 depositions of, for example, I believe Juan
16 Alessi and Alfredo Rodriguez. I believe at least
17 one of those, and perhaps both of those. And she
18 had asked questions about Alan Dershowitz in
19 those depositions, but had not asked questions
20 about other academics in those depositions.
21 So that led me to conclude that Bob
22 Josefsburg and his outstanding law firm had
23 identified Alan Dershowitz as someone who had
24 information relevant -- and let's be clear, this
25 is not a lawsuit about some contract dispute or

1 something -- that he was someone who had
2 information relevant to the sexual abuse of
3 underage girls and, indeed, they were asking
4 questions about what information -- what
5 information he might have.
6 Another -- I remember now, there's a whole
7 other line of things that I had in mind at the
8 time, and I think since you want to test my
9 memory -- let me be clear, I'm not claiming I
10 have a superb memory, I have an average memory,
11 but this is a subject that's very important to me
12 and so I've worked, you know, very hard to get
13 all the information.
14 THE WITNESS: I would like to take a break.
15 MR. SCAROLA: Sure. Take a break.
16 THE VIDEOGRAPHER: We are going off video
17 record, 3:27 p.m.
18 (Thereupon, a recess was taken.)
19 THE VIDEOGRAPHER: We are back on the record,
20 3:41 p.m.
21 THE WITNESS: I want to continue my answer.
22 I'm sorry I got emotional there for a moment. I
23 want to do a good job for Virginia Roberts on
24 representing all the -- the evidence that is
25 available to support her.

1 The next thing that I was thinking of was,
2 all right, then the question is, well, what does
3 Mr. Dershowitz have to say about all this? So I
4 started to look at the information on that as
5 well.
6 In 2009, there had been a deposition request
7 sent to Mr. Dershowitz, and I saw a document
8 showing that that had actually been served on
9 him, and you know, to the extent that what I saw
10 was a, I think a receipt, from the process server
11 or something along those lines, so I saw attempt
12 to contact him in 2009.
13 And then I saw an additional attempt to
14 contact him in 2011. Mr. Scarola had sent him a
15 note and there was, you know, some back and
16 forth. The one note that jumped out to me was
17 one in which Mr. Scarola had written to
18 Mr. Dershowitz, I think the phrase was, multiple
19 witnesses have placed you in the presence of
20 Jeffrey Epstein and underage girls. I would like
21 to depose you about those subjects.
22 And the answer that came back was not, well,
23 let me clear all of that misunderstanding up.
24 You know, that's frankly -- if I had gotten
25 something like that, that's what I would I have

1 said.
2 The answer that came back was, from
3 Mr. Dershowitz, was something along the lines, if
4 I remember correctly, well, tell me what you --
5 tell me what you want to know and I'll decide
6 whether to cooperate, was I think the phrase that
7 was used. And so there was an attempt, you know,
8 in 2009, an attempt, a 2011 attempt to get
9 information from Mr. Dershowitz.
10 Then there was another subpoena without
11 deposition for documents. You know, we have
12 heard a lot about records in this case that could
13 prove innocence. There was a records request to
14 Mr. Dershowitz in 2013. Again, my understanding
15 was that there was no -- you know, no documents
16 were provided on that.
17 And so those I -- had that information.
18 Another bit of information that I had was that in
19 2011, I believe in early April, the -- this is
20 not attorney/client privileged information from
21 Virginia Roberts. This is a telephone call that
22 she placed from Australia where she had been
23 essentially forced into hiding by Jeffrey
24 Epstein.
25 She managed to escape and was hiding out in

1 Australia, and she somehow, you know, Mr. Scarola
2 and Mr. Edwards were able to reach her and there
3 was a telephone call that was made. And in that
4 telephone call she identified Alan Dershowitz as
5 someone who would have relevant information about
6 Jeffrey Epstein and the sexual abuse of underage
7 girls.
8 And so I had that information as well. So
9 that is -- the question was: What could I recall
10 off the top of my head with regard to the factual
11 basis for information connecting Mr. Dershowitz
12 with the sexual abuse of minor girls, plural, and
13 that, sitting here at this moment, is the best
14 that I can recall for the information along those
15 liens.
16 BY MR. SIMPSON:
17 Q. Was that answer --
18 MR. SCAROLA: Excuse me. Before -- before
19 you go on to another subject, Professor Cassell
20 is entitled to refresh his recollection to give
21 you a complete response. So why don't you go
22 ahead and do that now. Make sure you've covered
23 everything.
24 MR. SIMPSON: I'm -- I think I get to ask the
25 questions, but I was going to ask the same

1 question.
2 MR. SCAROLA: Wonderful. We are on the same
3 page.
4 BY MR. SIMPSON:
5 Q. Mr. Cassell, you mentioned that you had
6 something that you had prepared --
7 A. Yes.
8 Q. -- that would summarize --
9 A. Right.
10 Q. -- your knowledge.
11 A. Right.
12 Q. And now that you have exhausted your
13 recollection, could you produce that and let's just mark
14 it as an exhibit?
15 A. Sure.
16 MR. SIMPSON: We are up to Exhibit 3, I
17 believe. Cassell 3?
18 THE WITNESS: Right. Now, there are two
19 parts to this --
20 MR. SIMPSON: Can we mark it first?
21 THE WITNESS: Yeah. I just want the record
22 to be clear, there's a pre-December 30th section
23 and a post-December 30th section, so the top part
24 is the what I was working off of.
25 BY MR. SIMPSON:

1 Q. Okay.
2 A. Now, underneath this is the, you know, if you
3 have questions about what happened after December 30th.
4 Q. So you're -- you're prepared to produce the
5 entire document, but you're clarifying? I don't want to
6 ask you. If you're going to use it in your testimony
7 then we will mark the whole thing?
8 MR. SCAROLA: Mark the whole thing. You can
9 use it.
10 MR. SIMPSON: Mark the whole thing and I'll
11 ask you about it.
12 THE WITNESS: Absolutely.
13 MR. SIMPSON: I'm going to ask the court
14 reporter to mark as Cassell Exhibit 3, a one-page
15 document that the witness has just handed to me.
16 It's mostly typed, it has some handwriting on it.
17 (^ Plaintiff's ^ Defendant's I.D. Exhibit
18 No. 3 - one-page note of witness was marked for
19 identification.)
20 THE WITNESS: All right. So let me -- if I
21 could look at this to see if the top portion of
22 to see if it refreshes my recollection about --
23 BY MR. SIMPSON:
24 Q. Could I just see it for one second?
25 A. Absolutely.

1 Q. All right. Let me just clarify one point
2 before you do that?
3 A. Yes, sir.
4 Q. In your answer, were you referring to the
5 evidence you could recall or the information you could
6 recall that supported your allegations as to both
7 Virginia Roberts and other minors or were you treating
8 those separately?
9 A. No, I was not treating those separately. I
10 was -- for me, there's a common -- what the law refers
11 to as a common scheme or plan in a criminal conspiracy
12 for international trafficking that involved not just a
13 single girl, but multiple girls, so the answer was --
14 was with respect to multiple girls.
15 Q. Okay. So I may have some questions to
16 distinguish further between those two --
17 A. Yes.
18 Q. -- but is it fair to say that -- and I
19 realize you're going refresh your recollection, but that
20 you had exhausted your recollection of the basis for the
21 allegation in this Exhibit 2, the motion to join as to
22 both Miss Roberts and other minors?
23 A. Yes.
24 Q. Okay. So then now take a look at that and
25 tell me if there's anything there that refreshes your

1 recollection as to something that you have not yet told
2 me about.
3 A. So -- and this refreshes my recollection.
4 Sarah Kellen, I think I refer to her as Miss Kellen.
5 Sarah Kellen was the first name.
6 Nadia Marcinkova, Nadia was the first name
7 there. Adrianna Mucinska was the full name of those --
8 that's the second echelon of the -- of the criminal
9 conspiracy.
10 Oh, this refreshes my recollection that
11 Jeffrey Epstein had answered some questions in the civil
12 litigation. He provided, for example, names of some
13 people who were involved, but he took the Fifth when
14 asked -- he took -- he provided names of some people who
15 would have relevant information in the civil cases. But
16 when asked in deposition about Mr. Dershowitz, he took
17 the Fifth.
18 So I found it significant that for some
19 people, he was willing to answer questions, but with
20 regard to Mr. Dershowitz, he took -- invoked his Fifth
21 Amendment right against compelled self-incrimination
22 presumably because revealing what he knew about
23 Mr. Dershowitz would, you know, cause criminal --
24 criminal charges potentially to be filed against him.
25 There was a common scheme or plan and I'll

1 elaborate on that in a moment, but yeah, one of -- so
2 this was another point. I mentioned that there had been
3 three efforts to get information from Mr. Dershowitz by
4 way of a 2009 deposition request, a 2011 deposition
5 request, and further follow-up correspondence from
6 counsel on that, and a 2013 document request all
7 propounded to Mr. Dershowitz that had not gone answered.
8 And this was -- yeah, I'm sorry this slipped
9 my mind at the time -- but when we saw Mr. Dershowitz
10 not responding to these answers, you know, maybe the
11 mail didn't get delivered to him or something like that.
12 I suppose that's, you know, a theoretical possibility.
13 But the reason I ruled out that possibility,
14 first, it didn't seem likely; but secondly, there was a
15 pattern of Mr. Epstein's associates evading efforts to
16 get information from them. And so let me just go back
17 to the earliest instance of that.
18 According to the Chief of Police in the Palm
19 Beach -- of the Palm Beach Police Department,
20 Mr. Dershowitz had said that he would make available
21 Mr. Epstein for questions about the sex, you know, abuse
22 that was going on. And, you know, Mr. Dershowitz had
23 said to the Palm Beach Police Department, yeah, we will
24 make him available, no, we got to reschedule it, you
25 know, another time reschedule, another time. And so

1 there were multiple -- according to the Chief of Police,
2 there had been multiple, you know, requests to interview
3 Mr. Epstein and Mr. Dershowitz had repeatedly said, oh,
4 yeah, we will schedule that. And then it hadn't
5 happened.
6 Now, obviously, there could have been a
7 situation there where an emergency had come up for
8 Mr. Epstein and he wasn't able to make a schedule or
9 something like that. But what I saw was a pattern of
10 offers to meet and then withdrawals and that seems to me
11 to be a deliberately calculated strategy to sort of
12 stall the investigation to say, oh, we will get you
13 Epstein, oh, we can't meet now. Oh, we will get it
14 now -- and so forth.
15 And one of the things that I noted from all
16 that was that Mr. Dershowitz, as Mr. Epstein's attorney,
17 never ultimately produced Epstein for a meeting with the
18 Palm Beach Police Department, having made another
19 offers -- now, obviously, something could have happened
20 there. I mean, I don't -- I don't know what was the
21 communications and so forth, but as an attorney trying
22 to get information and unable to do that, I had to make
23 some reasonable inferences.
24 And so one of the inferences I began to draw
25 was that this was a stall tactic by Mr. Dershowitz, and

1 in my view potentially an unethical one, but I don't
2 think we need to get into that in this litigation.
3 What I saw was a stall tactic going on, and
4 the reason I think it was a stall tactic as we are
5 sitting here now in, what is it, October of 2015, and
6 Mr. Epstein has never been willing to answer questions
7 about his sexual abuse of these girls.
8 And this was back in around, what was it, I
9 guess it would be 2005, 2006, you know, roughly a decade
10 ago, Mr. Dershowitz was offering to make Epstein
11 available. And then that never happened and given the
12 ten-year pattern that -- I guess I should go back. I'm
13 sorry. Let me correct my answer.
14 We should go back to December 30th, 2014, so
15 there -- there appeared to be about an eight-year period
16 of time during which Mr. Epstein had refused to answer
17 any questions about his sexual abuse of girls and yet,
18 Mr. Dershowitz said, oh, it's just a scheduling issue
19 and we will get the Palm Beach Police Department to --
20 to -- to, you know, to meet and learn all this.
21 The other thing that that I'm seeing here, so
22 now there's -- there's -- Mr. Dershowitz had been
23 involved in concealing Mr. Epstein from the Palm Beach
24 Police Department, but there were others that had done
25 similar sorts of things.

1 So one of them was a Ghislane Maxwell. I
2 will just call her Glen Maxwell. I think that's kind of
3 the nickname I understand she goes by.
4 Glen Maxwell -- remember, she is the one, you
5 know, I think the record is clear, in litigation that,
6 you know, allegation has been made that she was the one
7 that -- that brought Virginia Roberts into the -- into
8 the sex trafficking, and was heavily involved with, you
9 know, in all the -- not all the flights, but on many of
10 the flights with Jeffrey Epstein where this seemed to be
11 going on and was very close to Epstein, staying at the
12 mansion frequently.
13 And so she would, obviously, be I guess if
14 you have Epstein at the top of the -- you know, the
15 kingpin of the operation, Maxwell would be, you know, a
16 close second or certainly at the higher echelon.
17 So, obviously, someone who would have very
18 significant information about, you know, the sex
19 trafficking, who were the other people that -- the girls
20 were being trafficked to, what kind of abuse was going
21 on, you know, what kind of sex toys were being used to
22 abuse them, because I think it was in her room or
23 adjacent to her room that many of these devices were
24 located, and so she would have had very significant
25 information to provide.

1 And so in connection with the civil cases
2 that some of the girls had filed against Mr. Epstein,
3 her deposition was set by my co-counsel, Mr. Edwards,
4 and there was some haggling over a confidentiality
5 agreement, you know, and that had all been worked out
6 and then she was set for a deposition and finally
7 agreed, you know, to deposition. And just shortly, I
8 think a couple of days before that deposition, she
9 canceled. Well, she didn't cancel, her -- her attorney
10 called to cancel the deposition, and represented that
11 Miss Maxwell was outside the United States of America
12 and had no plans to return back to the United States.
13 And so, at that point, the deposition was --
14 was not able to go forward. But it turned out that she
15 had not left the United States for an extended period of
16 time. She was spotted later at a wedding of a prominent
17 person in New York. And so that was Maxwell fitting
18 into this pattern, you know, Epstein was being, you
19 know, Palm Beach Police Department being told by
20 Dershowitz that Epstein will answer your questions, and
21 then not getting information.
22 Maxwell evading the deposition. Jean Luc
23 Brunel ^ (ph) was another person who seemed to be very
24 much involved in trafficking the girls and it was the
25 same situation. A deposition was set to try to get

1 answers, you know, who is involved, which girls are
2 involved, what are their names, what's -- what's going
3 on? And so Brunel's deposition is set and then he -- he
4 finagles out of it, too. I don't recall exactly what
5 his excuse was, but, you know, evaded the deposition and
6 in fact, later information came to light he was hiding
7 out in the mansion of Epstein while he's claiming he's
8 unavailable for deposition.
9 So -- so this pattern of Mr. Dershowitz, you
10 know, there were three attempts to obtain information
11 from him, if that's all I had, I guess that would have
12 been one thing. But what I had was a pattern of people
13 who were implicated in the sex trafficking ring evading
14 questions, you know, quite in violation of court orders
15 and depositions and things -- I shouldn't say court
16 orders -- in violation of the deposition notices that
17 were being sent and agreements being made through
18 counsel.
19 And then in addition to that, I had this, so
20 why -- why would you think that there's this sex
21 trafficking, you know, ring going on? It sounds kind of
22 farfetched. Well, one of the things that I had
23 available to me on December 30th was a photograph that
24 was widely available on the Internet, and that
25 photograph depicted three people.

1 It depicted Glen Maxwell, Prince Andrew and
2 Virginia Roberts, and at the time that it looked like
3 Virginia Roberts was an underage girl, she was not
4 dressed in formal attire. And Prince Andrew had his arm
5 around her, I think if memory serves, and right next --
6 smiling in the background is Miss Maxwell, and it
7 appeared that that was a private residence presumably in
8 London close to Buckingham Palace where Prince Andrew
9 lived.
10 So here was Prince Andrew with this underage
11 girl with Glen Maxwell, the right-hand girl, if that's
12 the right expression. I probably should say -- strike
13 that -- right-hand woman of Mr. Epstein, that were there
14 and somebody had taken the photograph.
15 Given the surrounding circumstances, I
16 thought perhaps Mr. Epstein had taken the photograph.
17 So that would have shown Virginia Roberts's sexual abuse
18 was not confined just to Florida, not confined to the
19 New York mansion, it would have -- it would have
20 presumably continued into London where one of, you know,
21 the highest, most powerful persons in the governmental
22 structure that exists in England was now involved in
23 sexual abuse.
24 And so that created grave concern about, how
25 far did this sex trafficking ring reach, what were their

1 connections, what were their abilities to influence, you
2 know, law enforcement agencies in those countries, in
3 England or law enforcement agencies in this country
4 through power that somebody at that level, fifth, I
5 think in line to the British Throne, would have, you
6 know, presumably access to levers of power that other
7 people might not -- might not have.
8 And so that is the -- I believe is the
9 information that I had available to me on December 30th
10 involving not just Virginia Roberts, but the entire sex
11 trafficking organization.
12 Q. Okay. And that, just to clarify again, it
13 exhausts and refreshed your recollection as to both the
14 information you were relying on as to the allegations
15 about Virginia Roberts and as to the allegations about
16 other minors; is that right?
17 A. Correct.
18 Q. So I don't have to ask you separately about
19 Roberts?
20 A. That's right. No, and I gave you a heads-up
21 that was going to be long answer.
22 Q. You made Mr. Dershowitz look like an amateur.
23 If I could --
24 MR. SCAROLA: I'm sorry. Like a what?
25 MR. SIMPSON: Amateur, at long answers.

1 THE WITNESS: Well, I wasn't trying to -- let
2 me be clear. I was not trying to filibuster.
3 You asked me a very direct question which was, I
4 want to know everything that was in your memory
5 on December 30th, and as you can tell, this was a
6 very important subject to me and it's very
7 important to Miss Roberts and I wanted to be
8 comprehensive. And I gave you the opportunity
9 to say, let's have a narrower question, but you
10 wanted a broad questions. That's why I did this.
11 BY MR. SIMPSON:
12 Q. Mr. Cassell, I apologize for attempting humor
13 in this intense situation.
14 A. This is very important to me. This is not --
15 this is not something that I find funny.
16 Q. Well, I say it's very important to
17 Mr. Dershowitz, Professor Dershowitz also, he was trying
18 to answer questions. I'm not questioning that you were
19 trying to answer my question and I appreciate it.
20 Mr. Dershowitz was trying to do the same
21 thing and it is a difficult situation.
22 A. All right.
23 Q. So I was not trying to make light of the
24 questions I'm asking you.
25 A. This involves sexual abuse --

1 Q. I understand that.
2 A. -- of multiple girls.
3 Q. I understand that. I understand the
4 allegations that have been made.
5 A. And your side keeps attacking these girls.
6 That's why it's emotional for me.
7 Q. That part is not true, but I will ask
8 questions --
9 A. I believe that part is true. I would like to
10 take a break. I'm sorry.
11 THE VIDEOGRAPHER: We are going off the video
12 record, 4:01 p.m.
13 (Thereupon, a recess was taken.)
14 THE VIDEOGRAPHER: We are back on the video
15 record 4:04 p.m.
16 MR. SCAROLA: The record should reflect that
17 Mr. and Mrs. Dershowitz have -- are no longer
18 present.
19 MR. SIMPSON: Correct.
20 MR. SCAROLA: Thank you.
21 BY MR. SIMPSON:
22 Q. Mr. Cassell, would you agree with me that
23 accusing someone --
24 MS. McCAWLEY: I'm sorry. I just realized
25 that she stepped out to get water. I didn't ask.

1 I'm sure it's probably --
2 THE WITNESS: It's all right.
3 MR. SIMPSON: That's okay with you?
4 THE WITNESS: Sure.
5 BY MR. SIMPSON:
6 Q. Would you agree with me that accusing a
7 person of -- an adult of engaging in sex with a minor is
8 a serious accusation?
9 A. Sure.
10 Q. And would you agree with me that the cause of
11 victims' rights is harmed and not furthered by false
12 allegations of sexual abuse?
13 A. Sure.
14 Q. I want to go back. I'm going to follow up on
15 some aspects of your answer.
16 A. Sure.
17 Q. Kind of work my way through some of those.
18 A. Sure.
19 Q. But first let me -- let me ask this: You
20 drew in your answer a lot of inferences based on the
21 facts or information you -- you recited, inferences that
22 Professor Dershowitz had engaged in the conduct alleged;
23 is that fair to say?
24 A. I think part of it was -- was inference, part
25 of were the facts. I mean, you say a lot of inferences.

1 I think that would be, you know, subject to the debate
2 which perhaps we are going to do now.
3 Q. No. Let's say you drew some inferences based
4 on information you had; is that fair to say?
5 A. Sure.
6 Q. Okay. It's true, is it not, that you and
7 your co-counsel, Mr. Edwards, had decided to seek the
8 joinder of Miss Roberts and Jane Doe 4 as parties no
9 later than the Summer of 2014?
10 A. Jane Doe 4, I think, give or take, yeah. I
11 think Jane Doe -- well, that's -- there's a nomenclature
12 issue. Let's refer to -- how do you want to refer to
13 Virginia Roberts? Shall we just call her --
14 Q. I think we can call her Miss Roberts since
15 the name is now known.
16 A. Right. Sure.
17 Q. And just clarifying, we can call Jane Doe 4.
18 We won't use that name, Jane Doe 4.
19 A. Right. I think sometime in the Summer or the
20 Fall the decision was made to -- to approach the U.S.
21 Attorneys's Office to get their agreement to add her
22 into the case. And they declined, which ultimately led
23 to the filing on December 30th.
24 Q. Okay. And the basis for my question was, I
25 believe I saw in a pleading that you had represented to

1 the court that you had been asking the government for
2 consent since, I believe it was the Summer of 2014; is
3 that consistent with your recollection?
4 A. The exact timing, you know, if I looked at
5 the documents, we could refresh my recollection. We put
6 those documents into the court record in January 21st,
7 2015, the correspondence that we had had. The U.S.
8 Attorney's Office had delayed, you know, giving us an
9 answer on that for as I recall, several months and
10 ultimately they said, no, and that's why we filed the
11 pleading.
12 Q. Okay. My question is: Why, during that
13 several-month period before you filed the motion itself,
14 did you not contact Professor Dershowitz to ask him if
15 this was true, and if he had any evidence to refute it?
16 Why not contact the person you're accusing?
17 A. I mean, there's a cost -- you know, again,
18 this is going take a little bit of an answer, not as
19 long as the other one.
20 Q. I won't cut you off.
21 A. No, you have been very polite. I appreciate
22 that. This is about a five-minute answer, just so you
23 got a heads-up.
24 Okay. So the issue of why didn't I contact
25 Mr. Dershowitz, it's a cost benefit situation. So what

1 would be the benefit of asking him. Well, I thought the
2 benefit would be zero. What I thought we would get was
3 zero, because in 2009, an effort to depose him had been
4 made unsuccessful. 2011, an effort had been made to
5 depose him unsuccessfully. In 2013 --
6 MR. SIMPSON: Was there an objection on the
7 phone?
8 MR. INDYKE: No.
9 MR. SIMPSON: Okay. I didn't think so.
10 BY MR. SIMPSON:
11 Q. Please continue.
12 A. In 2013, an effort had been made to depose
13 him unsuccessfully, and I mentioned a moment ago this
14 manner of people involved in Epstein's organization that
15 had been evading efforts to get information. So it
16 wasn't just that something hadn't been received in the
17 mail. It appeared to me that Dershowitz fit into a
18 pattern of not providing information and, indeed, he had
19 been party to making, supposedly, Mr. Epstein available
20 to the Palm Beach Police Department and then pulling --
21 pulling him back. And that seemed to be a stall tactic.
22 So I didn't think we were going get any
23 information. On the other hand, now we had to waive a
24 cost of calling Mr. Dershowitz and saying, we are
25 preparing to file a pleading that identifies you. And I

1 don't want -- I'm not going to get into communications
2 that Mr. Edwards and I had, which you have asked what
3 was my state of mind on December 30th as to why I hadn't
4 called Mr. Dershowitz?
5 My own personal state of mind, not revealing
6 any attorney/client communications, but it does revolve
7 around Virginia Roberts. I had in front of me evidence
8 of an international sex trafficking organization that
9 was going to the Fifth in line to the Throne in England,
10 to very powerful people in the United States, to a
11 billionaire in Palm Beach, Florida, Epstein. Very
12 powerful people.
13 And what I also had was a history of
14 Mr. Epstein intimidating, threatening witnesses, and in
15 some cases, you know, potentially what seemed to be
16 possibly life-threatening kinds of situations. There
17 was a report of investigators quote, unquote, following
18 I think it was girls or witnesses against Mr. Epstein
19 and, indeed, had done so in a circumstance that
20 suggested the possibility that somebody had been forced
21 off the road.
22 I had been personally and directly involved
23 in an Epstein effort to intimidate a witness in the
24 Summer of 2010, which was a very disturbing incident.
25 The incident took place right around, I don't know, July

2nd, July 3rd, I believe it was 2010, where a woman that I was representing along with my colleague, Brad Edwards, I'll refer to her by initials, if that's all right with you.

(Phone Interruption.)

MR. SIMPSON: On the phone, could you --

THE WITNESS: Can we mute them?

MR. SIMPSON: Would you mute it, please?

MR. SCAROLA: Before the phone is muted, could we identify who is on the phone now, please? Who is on the phone?

MR. SIMPSON: Yeah. Who is on the phone?

MR. SWEDER: Ken Sweder.

MR. SIMPSON: Anyone else?

MR. SWEDER: Alan Dershowitz.

MR. INDYKE: Darrin Indyke.

MR. SIMPSON: Anyone else? Did you get those? Okay.

THE WITNESS: I just need to make a note because I kind of got distracted there. Let's see. We had -- oh, right. Okay.

That was the other point I wanted to make.

And I've only got about another minute or two, but the point was, I had had personal experience on about July 2nd, I believe it was,

1 2010. What had happened was, S.R. was a young
2 woman who had been sexually abused by Jeffrey
3 Epstein. She was identified in the
4 nonprosecution agreement as sex abuse victim, and
5 we had a civil suit going against Mr. Epstein and
6 her case was set for trial. It was going to be
7 the first trial against Mr. Epstein.
8 You know, this -- he had abused, according to
9 the NPA, I think 35 girls, and at that point I
10 think, gosh, I think 31 of them had settled, all
11 the girls except for the three represented by
12 Mr. Edwards and I had settled.
13 So this was going to be the first person that
14 was going to bring, if you will, the light of day
15 to this. This was going to be the first time
16 where this was going to be tried in open court.
17 So this was potentially an opportunity to, you
18 know, expose exactly what Epstein has done
19 because people are going to be called as
20 witnesses including Epstein and others like him.
21 So this was, I think, a potentially explosive
22 situation for Mr. Epstein because all of the --
23 all of the crimes that his organization had been
24 committing were going to be exposed during the
25 course of this trial. So -- but this all

1 depended on S.R. being able to get to trial and
2 not be intimidated.
3 She's a very petite woman and what happened
4 that evening was a very large, physically large,
5 private investigator who turned out had been
6 hired by Mr. Epstein, went and parked his car in
7 front of her home. And then, indeed, as I
8 understand it -- I wasn't there, but I was
9 getting frantic reports from -- from people in
10 Florida about what was going on -- the car was
11 pivoted so that I think the phrase is
12 high-beaming or something. The private
13 investigator was shining his lights into S.R.'s
14 home and she was terrified.
15 We were trying to get assistance to her and
16 then we went -- we were filing motions to try to
17 protect her. She had to flee her home, so that's
18 what happened to S.R. just a few days before she
19 went to trial.
20 And so I'm thinking, you know, if we call
21 Mr. Dershowitz, who is his first call going to
22 be? I mean I think -- I didn't have this
23 information on December 30th. I want the record
24 to be clear that, sure enough, we learned today
25 that within just a day or two of these

1 allegations coming out, Dershowitz called
2 international sex trafficker Epstein to make sure
3 their memories coincided or something like that.
4 And I was afraid if we contacted Alan
5 Dershowitz, what had happened to S.R. was going
6 to happen to Virginia Roberts, which was going to
7 be even worse because she had been hiding out in
8 Australia for a number of years to escape
9 Epstein.
10 And now this would potentially tip him off
11 that she was now back in contact and he would
12 redouble efforts to find her. So I was, frankly
13 again, just speaking for myself, I'm not speaking
14 for my co-counsel, but I was extremely afraid of
15 tipping off Mr. Dershowitz that we were going to
16 be filing this pleading because he would have
17 contacted Epstein in the same intimidation
18 tactics and, indeed, life-threatening tactics
19 that had apparently been used against other
20 witnesses might be used against her.
21 I mean, I also was thinking frankly, about
22 whether to file this pleading, because of the
23 risk that she would be in, but I thought that the
24 safest way to protect her was to file this so
25 that the information was out there.

1 And, at that point, you know, you know, if
2 she disappeared or something, the world would
3 know, you know, who the first person would be to
4 look at would be, you know, Jeffrey Epstein and
5 other people to look at would be those who were
6 associated with him.
7 BY MR. SIMPSON:
8 Q. I want to go back to your testimony a bit ago
9 about the Fifth Amendment. You testified that
10 Mr. Epstein took the Fifth when he was asked about
11 Professor Dershowitz?
12 A. Yes.
13 Q. Is that right?
14 A. Yes.
15 Q. Didn't he take the Fifth with respect to a
16 whole host of people?
17 A. With some other people, yes, but not with
18 every person. That's why I want my memory to aid here.
19 If you look at the Jeffrey Epstein answers to
20 interrogatories in one of the civil cases, he provided,
21 for example, the name of Alessi as someone who would
22 have relevant information, but not Dershowitz.
23 And that was consistent with I think invoking
24 the Fifth, not on the sort of household people, but the
25 people who were higher up in the echelon which would

1 have been, in my view, Mr. Dershowitz.
2 Q. At his deposition, he took the Fifth as to
3 everyone he was asked about; isn't that true?
4 A. I haven't looked at the depositions lately.
5 There were also variations in tactics that he used. I
6 recall for example, that sometimes when he was asked
7 about a person, even if he knew that person, he would
8 pretend not to know that person and try to communicate
9 that, you know, maybe he didn't know that person.
10 But he did he did have broad invocations of
11 the Fifth Amendment in his deposition. I certainly
12 wouldn't quarrel with you on that.
13 Q. And you understand or I believe this was in
14 your testimony that if a person takes the Fifth in
15 response to a question in a civil litigation, that
16 answer can be used against the person generally; is that
17 right?
18 A. Sure. Right.
19 Q. Are you aware of any authority whatsoever
20 that Person A taking the Fifth can be used as evidence
21 against Person B?
22 A. Yeah, we are sitting here in the -- let's
23 see, we are in Florida, in the 11th Circuit, and that
24 is -- there's 11th circuit case law that allows that to
25 happen. I could give you the citation, you know, in

1 about five minutes if you know me take a break, I can
2 give you the case.
3 Q. We -- we -- we can come back to it.
4 A. Okay.
5 Q. In your mind, if you have a witness who is
6 asked about a long litany of persons and he takes the
7 Fifth Amendment in response to all of them, is it fair
8 to draw an adverse inference as to the other person?
9 A. Okay. So now this will be about a
10 three-minute answer, if that's okay, and I would say the
11 answer to that question is, yes, and I want to explain
12 why.
13 The 11th Circuit I'll give you the name, if I
14 have a chance to look at WesLaw or something like that
15 has a four-factor test that says, look, you can't just
16 draw an adverse inference against someone in every
17 circumstance, you have to balance various factors.
18 And so you have to look at the relationship
19 between the parties and things like that, the degree of
20 control that one person has over another party.
21 Different factors that you would look at.
22 And so I -- I think there are two things here
23 that would lead to the conclusion that under the
24 four-factor balancing test, the adverse inference could
25 be used in the 11th Circuit and recall that the crime

1 victims' rights act case that we are talking about is in
2 the Southern District of Florida. I think the record
3 should be clear that that is in the 11th Circuit. And
4 so that case law says that you look at these different
5 factors, one of the factors, that to my mind would weigh
6 heavily in favor of drawing the adverse inference would
7 be the degree of control that the one party has over the
8 other.
9 Dershowitz was the attorney for Epstein and,
10 indeed, we heard today that he continues to be the
11 attorney on the Tri-Tech case and I'm assuming an
12 attorney/client privilege on other matters as well. So
13 he would seem to have a significant control over that.
14 The other thing that was going on in my mind
15 when I'm drawing the adverse inference is that there
16 might be some people that are invoking the Fifth
17 Amendment but not getting sound legal advice.
18 An attorney can only allow his client to
19 assert a Fifth Amendment privilege in civil case if
20 there's a significant risk that the answer will be
21 incriminating. You can't just invoke it willy-nilly.
22 And I knew that Mr. Epstein had been
23 receiving -- you know, as a billionaire would -- you
24 know, the best legal advice that money could buy, and
25 the advice he was getting with regard to questions about

1 Mr. Dershowitz was apparently, based on the transcripts
2 I was seeing, to take the Fifth even with regard to any
3 knowledge of Mr. Dershowitz.
4 So in those circumstances I did think it was
5 highly fair to draw an inference from Mr. Epstein,
6 particularly where, you know, like some of the sexual
7 abuse involved Virginia, Epstein, and Dershowitz was the
8 allegations, you know, the trafficking and so forth.
9 So you know, if Virginia is making an
10 allegation, Mr. Epstein is invoking the Fifth and
11 Mr. Dershowitz is, you know, declining to answer
12 questions, it seemed to me in those circumstances an
13 adverse inference would be fair.
14 Q. Isn't it routine practice for a witness who
15 is the target or faces -- I'm going to start over.
16 Isn't it routine practice for a witness who
17 faces potential criminal liability to take the Fifth as
18 to all substantive questions?
19 A. That's not -- no. I would say absolutely
20 not. And again, I'm drawing -- I was a federal
21 prosecutor for four years. I was a federal district
22 court judge for about five-and-a-half years. I would
23 say, that is not the practice and, indeed, that would be
24 inconsistent with Fifth Amendment case law as I
25 understand it.

1 Q. As a prosecutor, did you ever in a
2 prosecution against one person successfully introduce
3 into evidence that somebody else had taken the Fifth?
4 MR. SCAROLA: In a criminal case?
5 MR. SIMPSON: In a criminal case, yeah.
6 THE WITNESS: So I had about 20 trials, most
7 of them I was in the general crimes units in the
8 eastern district of Virginia. Most of them
9 involved drug dealers and gun runners that did
10 not -- where those issues didn't come up.
11 So as sitting here today, I can't recall a
12 circumstance where in that criminal case I was
13 able to do that. The standards for using it in a
14 civil case would be much, much broader.
15 MR. SIMPSON: Move to strike nonresponsive
16 portion of the answer.
17 BY MR. SIMPSON:
18 Q. Have you been involved in a civil case in
19 which you have successfully introduced into evidence the
20 fact that Person A took the Fifth Amendment as evidence
21 against Person B?
22 A. I haven't been involved in many civil cases
23 involving invocations of the Fifth Amendment so I can't
24 recall a circumstance like that right now.
25 Q. And is the 11th Circuit case you're referring

1 a criminal case or a civil case?
2 A. My understanding, it's a civil case.
3 Q. Did you ask -- you referred to the complaint
4 that is styled Jane Doe 102 versus Epstein, you referred
5 to that complaint?
6 A. Yes.
7 Q. And Jane Doe 102 is Virginia Roberts,
8 correct?
9 A. Yes.
10 Q. And you talked about the Josefsburg firm, Bob
11 Josefsburg, who we all -- there was testimony about him
12 being a respected lawyer; you heard that. Right?
13 A. Right.
14 Q. Did you ever ask Mr. Josefsburg if he -- if
15 the term "academicians" in that complaint included Alan
16 Dershowitz?
17 A. Did I --
18 MS. McCAWLEY: I'm sorry. To the extent that
19 it reveals anything that is a privilege of
20 Virginia's because she was represented by
21 Mr. Josefsburg, I don't want you to reveal.
22 BY MR. SIMPSON:
23 Q. I'm just asking whether you ever asked him
24 the question. Don't give me the answer right now. But
25 did you ever ask him the question?

A. Did I personally do that?
Q. Yes.
A. No. To my knowledge, I've never met Mr. Josefsburg, so no.
Q. To your knowledge, did anyone else in the group of attorneys you were working with ask Mr. Josefsburg that question?
MR. SCAROLA: Excuse me. To the extent that that question would call for a communication within the common interest privilege, you should not answer it.
THE WITNESS: I'm going take my counsel's advice. I can't answer that.
BY MR. SIMPSON:
Q. You're not going to answer whether to your knowledge anyone asked Mr. Josefsburg?
A. Right.
Q. But you are testifying that the fact that Mr. Josefsburg had signed a complaint with a generic term "academicians" in it was some evidence, in your mind, against Professor Dershowitz?
A. Yes, because he's an academician and shortly after the complaint was filed, a partner in his firm began asking Alan Dershowitz questions about the sex abuse matter that we are discussing here.

1 Q. Did you misspeak about whether they were
2 asking for Mr. Dershowitz or they were asking some other
3 witness?
4 A. No, they -- I'm sorry. They asked about --
5 thank you for that clarification. They asked other
6 witnesses about Dershowitz's knowledge of the matters we
7 have been discussing.
8 Q. All right. And at those depositions, which
9 deposition do you have in mind?
10 A. Rodriguez and Alessi.
11 Q. Okay. And didn't Rodriguez testify that he
12 didn't know, didn't have any knowledge as to
13 Mr. Dershowitz doing anything improper?
14 A. He said that he was present at the scene of
15 the crime, if you will. Now, whether he had direct
16 knowledge of what happened in the bedroom, you're right,
17 he didn't -- he did not indicate that.
18 Q. The "scene of the crime" being what?
19 A. Sex abuse of minor girls.
20 Q. But I take it you're referring to a location?
21 A. That's right.
22 Q. What location are you referring to?
23 A. Jeffrey Epstein's Palm Beach mansion.
24 Q. How many academicians visited Mr. Epstein's
25 Palm Beach mansion?

A. I'm not certain.

Q. Do you -- can you give any estimate at all?

A. You know, in this case, I've probably seen reference to another in Florida, you know, maybe another four or five academics that had some kind of interaction with Epstein.

Q. And you are aware that Epstein was so closely associated with Harvard, that he had his own office there?

A. No, I didn't know that Mr. Epstein had an office at Harvard.

Q. Did you know that Mr. Epstein regularly had dinners and other social events in which there were scores of distinguished academicians?

A. Are we talking about Florida or New York?

Q. Generally.

A. Yeah, I knew there was some events like that in New York. I don't recall having specific information about an event like that in -- in Palm Beach.

MR. SCAROLA: Richard, let me just make note of the fact that it's almost 4:30, and by agreement, we are going stop at 4:30, so if there's something really pressing you want to get in this afternoon, this would be a good time to do that.

1 MR. SIMPSON: Well, we have a lot to cover,
2 but I'll ask a few more questions until we get to
3 that -- that time.
4 MR. SCAROLA: Okay. It's 4:25.
5 BY MR. SIMPSON:
6 Q. In the Rodriguez deposition at one point, he
7 was asked a question and he responds with the name,
8 Larry Dershowitz. Do you recall that?
9 A. Oh, you mean Larry -- you didn't mean to say
10 Larry Dershowitz.
11 Q. His answer was Larry Dershowitz in the
12 deposition?
13 A. I don't recall that.
14 Q. Did you consider whether he was thinking
15 about Larry Summers ^ (ph)?
16 A. My recollection of the Rodriguez depo and,
17 you know, there are two depos here, Alessi and
18 Rodriguez, was that -- that the identifiers with regard
19 to Dershowitz were famous criminal defense lawyer-type
20 which would fit Mr. Dershowitz, but not fit Mr. Summers.
21 Q. Okay. We will come back and look at the
22 transcript itself.
23 A. Okay. Sure.
24 Q. One of the other things that you mentioned in
25 your -- your answer, was that the flight logs showed

1 Mr. Dershowitz on a flight with Tatiana; is that right?
2 A. Correct.
3 Q. Did you find out before December 30th of 2014
4 how old Tatiana was at the time?
5 A. Yes.
6 Q. How -- how old was she?
7 A. I understood she was around -- which time are
8 we referring to, 1998?
9 Q. We are referring to when she -- the log shows
10 her on a flight with Professor Dershowitz.
11 A. Yeah, I was understood she was over the age,
12 she was 18 or older, you know, and I think within a
13 couple of years maybe 18.
14 Q. And you heard today that Mr. Dershowitz's,
15 Professor Dershowitz's wife was able to determine in a
16 few second on Google that she was 24 at the time. Any
17 reason to question that?
18 A. Well, because -- I think I want to look at
19 the information we were talking about. Is the question
20 of time frame and so, you know, the Dershowitzes on
21 these flights with Epstein in 1998, and I think 2004,
22 2005, which is, you know, there's like a -- obviously a
23 six or seven-year period, so I would want to know
24 exactly what time frame we are talking about.
25 Q. Well --

A. But I understood, let me be clear, I understood Tatiana was, you know, 18 or older at the time.

Q. And -- and -- and you could have found out exactly how old she was; isn't that true?

A. Potentially, yeah.

Q. Yes. And in fact, we heard today that someone found it in just a few seconds?

A. We heard a representation to that effect. I don't know if that's true or not.

Q. Okay. Do you have any reason to doubt that Tatiana was 24 at the time?

A. I mean, give or take. I mean, give or take. I mean, I'm not trying to say -- let me be clear. I know she's over the age of 18. Now whether she's 24 or something, that was not something that I had specifically --

Q. I understand you don't know, but I'm just asking whether if we represent to you that our research indicates she was 24 at the time, do you have any reason to question that?

MR. SCAROLA: At what time?

MR. SIMPSON: At the time of the flight, the flight logs showed --

THE WITNESS: 1998 flight?

1 BY MR. SIMPSON:
2 Q. Whatever the flight -- the date of the
3 flight?
4 A. Yeah. I think that sounds too old for
5 Tatiana.
6 Q. Okay.
7 A. But I mean, I don't, you know, we could
8 obviously check into it so...
9 Q. And you do know though that she was over 18?
10 A. Eighteen or over, yes.
11 Q. Eighteen or over. And have you ever heard of
12 an older man having a relationship with a younger woman;
13 has that ever happened in your experience?
14 A. Sure, but what --
15 Q. That's my --
16 A. I guess, how much of a difference? I mean
17 the question is, you know -- sure, there are examples of
18 that. It's unusual, but there are examples of that.
19 Q. Is a 24-year-old woman an adult?
20 A. Yes.
21 Q. Is there anything criminal or anything
22 criminal about a man of Jeffrey Epstein's age having a
23 relationship with a 24-year-old woman?
24 MR. SCAROLA: I assume you agree that depends
25 upon the nature of the relationship.

1 MR. SIMPSON: Is there anything -- let me --
2 I think my question was clear.
3 BY MR. SIMPSON:
4 Q. You can answer the question. Having a
5 romantic relationship with a 24-year-old?
6 A. Just if those are the only facts, sure,
7 that's not a crime.
8 Q. And so if --
9 MR. SCAROLA: And it is -- it is 4:30.
10 MR. SIMPSON: Let me just ask one more
11 question then.
12 MR. SCAROLA: Sure. So long as it isn't one
13 of the 30-minute ones.
14 MR. SIMPSON: That's in the witness's
15 control.
16 MR. SCOTT: That applies to you.
17 MR. SCAROLA: So stop smiling.
18 MR. SCOTT: I'm not smiling at all. I'm
19 anything but smiling, Mr. Scarola.
20 BY MR. SIMPSON:
21 Q. My -- my question --
22 MR. SCOTT: Oh, you are.
23 BY MR. SIMPSON:
24 Q. My question, Mr. Cassell, is that if all you
25 have is the fact that a middled-aged man is on an

1 airplane with a 24-year-old woman, is there a basis to
2 draw an adverse inference from that about anything?
3 A. If that's all that you have, obviously not.
4 MR. SIMPSON: Okay.
5 MR. SCAROLA: Thank you.
6 MR. SIMPSON: We will break then and we will
7 talk off the record about logistics for tomorrow.
8 MR. SCAROLA: Okay.
9 THE VIDEOGRAPHER: We are going off the video
10 record, 4:31 p.m.
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From: [redacted]
Sent: Wednesday, January 20, 2016 2:10 AM
To: jeffrey E.
Subject: Re: Help!

Importance: High

Wow.
I haven't seen her in months but we are friendly and I can try to find out more if you want. Let me know...

Sent from my iPhone

On Jan 19, 2016, at 4:57 PM, jeffrey E. <jeevacation@gmail.com> wrote:

---------- Forwarded message ----------
From: [redacted]
Date: Tue, Jan 19, 2016 at 6:39 PM
Subject: Help!
To: Jeffrey Epstein <jeevacation@gmail.com>

Because you were not available to meet me in person last year and at this point I don't need to be seen. I can not have press, media, private investigators, film companies, etc. contacting me or my parents and sisters at home or on cell/texts and or by mail. I realize you don't have much control over this, but you can at least help me to move. I can't just get up and go like you. I left the city to escape, make a better life and I am devastated these people found me and brought to light an association of that I would rather them never to know. People think I was involved with something really bad and I lost a boyfriend of great potential over this shit. I am still in debt over all these years, been working my ass off trying to get ahead, which you could never understand I was even surviving off the pay I was getting. Well, its not any better. I dropped out of college because of you (and GM's) advice. Started working for a company you wanted me to and basically my life has has become hell since then.

I have been your supporter for 16 years, the media explosion with Clinton, Trump and Cosby is affecting me. I'm not prepared for this.

--

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HOUSE_OVERSIGHT_021957

* * *

Whatever the reasons for his resignation, Epstein still gets his annual bonus of around $100,000 (roughly $275,000 in today's dollars). The SEC never brings charges against him or any other Bear Stearns employee. And so the particulars of Epstein's departure get folded up into the greater mystery surrounding the man. Did Epstein crash the rocket ship that Ace Greenberg had given him to pilot? Or did he take it and fly it out, over the horizon?

Either way, Epstein was out on his own.

For him, the future would only get brighter.

Ana Obregó

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CHAPTER 24

Ana Obregón: 1982

Ana Obregón was one of the world's most beautiful women and well on her way to becoming famous as such when she first met Jeffrey Epstein. For her, there would be film roles—in the 1984 Bo Derek vehicle *Bolero,* Ana Obregón gives the star a run for her money—and appearances on the covers of Spanish *Playboy* and Spanish *Vanity Fair.*

As for fortune, Obregón had that already.

Ana's father was a very wealthy investor in Spain. But he also had serious problems. On June 15, 1982, a venerable stock- and bond-trading firm, the Drysdale Securities Corporation, announced that it was going out of business. Just that year, Drysdale had spun off a subsidiary operation called Drysdale Government Securities. And in May, DGS defaulted on $160 million in interest payments it owed on Treasury securities that it had borrowed. In doing so, DGS had dragged down its parent company.

HOUSE_OVERSIGHT_021959

A very well-connected group of Spanish families—including members of Spain's royal family—had invested with Drysdale. Those investors stood to lose hundreds of millions of dollars. And Ana's father was one of those investors.

What Ana wanted from Jeffrey Epstein was help in recovering her father's money.

"My father, he's done something stupid," she told him.

A Spanish accent. A Brooklyn accent. They blended well together, and Ana was so very lovely.

It turned out that Epstein was willing to help.

"Something stupid, you see, with the money. The family money. Some—what do you call it? A scheme. He knew some of the people, but they lied to him. And now the money is gone."

People who knew Jeffrey Epstein recall that he was bad off after his exit or ouster—whatever it was—from Bear Stearns. Moving from couch to couch for a while. Sleeping in his lawyer's offices before settling down in an apartment in the Solow Tower, on East 66th Street.

It's a bit hard to believe. After all, Epstein left Bear Stearns with a good deal of money. But Epstein's lifestyle was expensive. He was a man on the make then, and Ana was still in her twenties, plying her craft at the Actors Studio—the New York City theater institution that Marlon Brando, Robert De Niro, Jack Nicholson, and Jane Fonda had all been members of.

Epstein told Ana that he'd formed a company, International Assets Group.

To Ana, this sounded very impressive. In fact, IAG was a small operation that Epstein was running out of his apartment.

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Ana Obregó

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ery impressive. In fact, IAG was a
was running out of his apartment.

But if Ana had known that, would she have cared? She could already see that Epstein was brilliant. And though she would maintain that their friendship was strictly platonic, it was Ana who helped set Epstein on his course. Like other beautiful women he'd cultivate throughout his life, she opened doors to whole other kingdoms.

Ones that no boys from Brooklyn had even dreamed of.

Andrew Levander was an assistant US attorney in the Southern District of New York's Securities and Commodities Fraud Task Force. He was assigned to look into Drysdale's collapse. The case he was building would result in fraud convictions for a number of Drysdale executives, and even today, Levander remembers Epstein bringing "a very attractive woman" to meet him when Epstein came to him in the course of the investigation.

The woman was Ana Obregón.

Levander told Ana that he was already working the case. A lawyer named Robert Gold, who was a former federal prosecutor himself, was assisting. And now Epstein would join them in the hunt for the monies.

In effect, DGS had built a series of labyrinths, rabbit holes, deadfalls. And even investors who'd lost vast sums to the company were less than forthcoming when it came to speaking to the US attorney. Several of the investors were foreign. Some had violated their own countries' laws pertaining to foreign investments.

This was where Epstein—with his calm, confident air of discretion—came in.

Ana Obregón gave Epstein power of attorney over any monies

HOUSE_OVERSIGHT_021961

that he recovered. And though it took him three years, working with Robert Gold and the US attorney's office, Epstein finally did make his way to the center of DGS's maze and recover Obregón's money.

Most of it was being held in a bank in the Cayman Islands.

Epstein's agreement with Ana prevents us from knowing how much he recovered—and how much he kept. But given the amounts at stake, Epstein likely earned millions—or more—and to this day Ana Obregón has nothing but appreciation for what Epstein accomplished.

"I know he's had some problems," she says. "I don't want anything to do with that."

As for Epstein, he came out of the deal with a new modus operandi: from now on, he'd only work with the super rich.

Eva Andersson:

Miss Swede
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CHAPTER 25

Eva Andersson: July 8, 1980

Miss Sweden, Eva Birgitta Andersson, is wearing a dazzling white gown and sweating, ever so slightly, under the stage lights. But Bob Barker's about to announce the winner of this, the twenty-ninth Miss Universe pageant, held in Seoul, South Korea, and Eva's smile is as wide as the ocean.

"And now that we know what Miss Universe will win, let's see which five girls are still in the running!"

Barker pauses, like the expert broadcaster he is. Eva's chest tightens. There are twelve women on stage, all of them beautiful—even if they're not quite as beautiful as Miss Sweden.

"On this card are the names of five contestants who have received the highest total score from our judges in the personal interview, the swimsuit, and the evening gown competition."

Eva feels the camera pan across the stage—pan across *her,* standing in between Miss Scotland and Miss Puerto Rico.

HOUSE_OVERSIGHT_021963

"As a result, they will be our five finalists. As I call each name, you will see a figure on your television screen. That is the total score received by the contestant since she became a semifinalist. But one thing I would point out to you: the point total is not necessarily a sign of who our eventual winner will be. Being first now is no guarantee of being first at the time of our judges' final ballot."

Oh, get on with it, Miss Sweden thinks. And, as if by her command, Bob Barker does.

"Now our five finalists. Good luck, girls! The first finalist is: *Miss Sweden!*"

Eva's hands fly up to her face. The time it takes her to walk to the front of the stage is all the time she needs to stop herself from crying.

For Eva, it's not meant to be. Miss USA, Shawn Weatherly, wins that year's competition—she'll go on to become a star on *Baywatch*. But Eva's future is secure nonetheless. After the pageant, she'll spend three years studying in Stockholm, finish med school at UCLA, and become a doctor of internal medicine.

Along the way, she'll meet Jeffrey Epstein.

People who knew them when they were a couple say that Eva wanted to marry Epstein. One friend says he considered it seriously. In the end, Eva ended up with a man named Glenn Dubin, though she and Epstein remained very close. And if Eva was the proverbial "one who got away," Epstein ended up dating other impressive women—world-class beauties—as he made his way in the world.

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Why didn't any of the romances take? Perhaps there was always someone more fabulous waiting for Epstein around the corner. Perhaps none of these women satisfied Epstein's deeper urges. But he did have a knack for keeping the women he'd dated by his side through thick and thin, long after he'd broken up with them.

When he was through with his girlfriends, Epstein would say, they graduated up, not down, the ladder, moving from the status of "lover" to "friend."

In his estimation, these shifts always constituted a promotion.

The world was full of beautiful women. But for Epstein, friendship seemed to be a far more precious commodity.

HOUSE_OVERSIGHT_021965

CHAPTER 26

Jeffrey Epstein: 1984

How *did* Jeffrey Epstein make all his money?

Epstein would tell stories over the years about monies recovered from slippery characters. Sometimes, friends and former associates would say, he'd suggest he had ties to the government, giving listeners the impression that he was doing dangerous, glamorous work.

Others said that what Epstein *really* did, at this stage in his career, was much more banal. According to them, Epstein spent most of his time coming up with creative new ways for the rich to avoid paying taxes. The commission for tax-avoidance deals was enormous, although the number of deals Epstein was involved with is a matter of conjecture, as is his record of successes and failures.

But Epstein's business model was evolving. He'd charge a flat fee. No fancy math. No percentages.

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CHAPTER 26

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Pay me fifty million dollars. Or pay the IRS seven times that amount.

At first Epstein did not demand his fee up front. Instead he asked that the payment—often a substantial one—be put into escrow. If his strategy worked, he'd get paid. If not, the money bounced back to the client.

In the eighties, when tax rates on the top 1 percent were much, much higher than they are today, topping out at close to 50 percent, it was an extremely effective pitch. And then there were other ways to make money.

In 1982, Epstein sold his wealthy friends, his friends' wealthy relatives, and others on an oil-drilling deal. One of the investors, Michael Stroll, had run Williams Electronics, an entertainment company known for the pinball machines it made.

Stroll put $450,000 into the oil deal.

But in 1984, Michael Stroll wanted his money back. Despite repeated demands and requests for a full accounting of what Epstein owed him, he got $10,000 back on his $450,000 investment. Eventually he sued Epstein in federal court for the remaining $440,000—the case went on for a number of years. In court, Epstein told the judge that the $10,000 he'd returned was actually the payment for a horse Stroll had sold him.

Like many cases involving Epstein, this one was settled out of court, the terms of the final agreement kept secret.

HOUSE_OVERSIGHT_021967

CHAPTER 27

Steven Hoffenberg: July 10, 1987

Before there was Bernie Madoff, there was Steven Hoffenberg.

In 1987, Hoffenberg was the head of Towers Financial Corporation, a company that bought debts, such as unpaid medical bills, at a very steep discount while pressing the debtors to repay in full. He'd started the company fifteen years earlier with two thousand dollars and just a handful of employees. Thanks, in part, to a grueling work ethic, he'd turned that into a much bigger concern, with twelve hundred employees and stock that traded over the counter. But Hoffenberg still spent fifteen hours each day, six days a week, in his office.

He wanted more. Hoffenberg was a Wall Street outsider. A Brooklyn boy. A college dropout, like Epstein.

One thing Hoffenberg wanted was respect. The other was someone who was familiar with Wall Street's inner workings. Jeffrey Epstein, who had traded options for Bear Stearns, fit the bill.

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CHAPTER 27

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Hoffenberg began paying twenty-five thousand dollars per month for Epstein's expertise as a consultant.

The SEC had already looked into Hoffenberg's affairs, settling with him out of court in a matter relating to unregistered securities. But Hoffenberg was dangling a very big prize.

In the 1980s, several major financial players were involved in the greenmailing of publicly traded companies. What greenmailing means, in practice, is that a brokerage house or group of investors will start buying shares in companies that seem to be vulnerable to takeover attempts. To ward off the attempts, executives at those companies will buy the shares back at a premium. It's risky, but very often the investors stand to make a handsome profit.

Yet another thing Hoffenberg wanted was to take over Pan American World Airways. The iconic airline had already entered its downward trajectory, but it was still a giant.

For Hoffenberg, the greenmailing profits could have been huge.

According to Hoffenberg, Epstein handled the attempted takeover of Pan Am—a deal that went sideways almost immediately.

Steven Hoffenberg still has a lot to say on the subject. But in listening to him, one must bear in mind that in 1995, he pleaded guilty to criminal conspiracy and fraud charges involving a $460 million swindle, a familiar scheme to anyone who followed the Bernie Madoff case.

Like so many others, Hoffenberg had tried to fly very high without the necessary updraft. And despite all the hours he spent at the office, he'd also developed a taste for the high life. He

HOUSE_OVERSIGHT_021969

bought his own jet, a luxury yacht, and a Long Island mansion to go with his expensive Manhattan apartment. He'd also briefly owned a controlling interest in the *New York Post*.

To cover his tracks, Hoffenberg had been taking money from investors and using it to pay previous investors. It was a classic Ponzi scheme—one of the biggest in history—and Hoffenberg ended up spending nineteen years in a federal prison.

Why was Epstein not implicated in the case? All that Hoffenberg will say when asked is: "Ask Robert Gold."

Another source suggests that Gold, the former federal prosecutor who had helped Epstein recover Ana Obregón's money, kept the US attorney away from Epstein until there were only a few weeks left before the statute of limitations ran out.

As for Epstein himself, he would always deny any wrongdoing. Despite his proximity to Hoffenberg, he managed to avoid the blast radius.

Robert Meister: 1985

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CHAPTER 28

Robert Meister: 1985

Robert Meister, the vice chairman of a giant insurance brokerage and consulting firm called Aon, met Jeffrey Epstein in the mid-eighties, aboard a flight from New York to Palm Beach. Both men were flying first class. Each one thought the other looked familiar. They talked in the course of that flight, and Meister filed the conversation away, only to recall it in 1989. At that time, Les Wexner, who was Meister's friend and a client of Meister's insurance company, was complaining to him about the people managing his money.

Wexner was a billionaire, but for all his wealth, his finances were in a tangle. Maybe Epstein could help. And perhaps Epstein would also be grateful for the introduction. Hard as it is to believe, there's evidence to suggest that Epstein really had spent the last of his last Bear Stearns bonus—along with his share of the money he'd recovered for Ana Obregón—and was broke, again, at the time.

HOUSE_OVERSIGHT_021971

One estranged friend says that he had to loan Epstein money to pay the bill at Epstein's garage, which had seized Epstein's car for nonpayment.

Another estranged friend says that Epstein didn't have two nickels to rub together.

Diana Crane, a former model, says that Epstein always had first-class upgrades he would give to his friends so they didn't have to fly economy class.

"No one knew where or how he got them," Crane recalls. "Sometimes they worked, and other times they didn't. I remember he saw a friend of mine wearing a Concorde jacket. He asked if he could borrow it for a day or so. My friend never got the jacket back. But Epstein would tell people he always flew on the Concorde—a *total* lie."

But even if Epstein were flush, Les Wexner would have been a big fish to catch.

From the get-go, Meister's wife, Wendy, had her suspicions about Epstein. About the way he presented himself and the way he worked himself into their inner circle.

Before long, Wendy was calling Epstein *the virus*.

But for Epstein, the Meisters weren't the point. Wexner was.

And hard as it is to understand why the billionaire would associate with a man who'd worked with a Ponzi king like Steven Hoffenberg, it turned out that Wexner and Epstein would get along perfectly well.

Ghislaine Maxwell

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CHAPTER 29

Ghislaine Maxwell: 1991

Robert Meister was not the only friend who helped Jeffrey Epstein, the boy from Coney Island, on his way up the social ladder. There was also Ghislaine Maxwell, a wealthy heiress from the United Kingdom who'd retained her ties to some of the world's most glamorous and scandalous jet-setters.

Maxwell was the youngest and most favored child of one of the most famous—even infamous—men in Europe. Her father, Robert Maxwell, was a Czech refugee who had fought in the French Foreign Legion and with the British in World War II and had gone on to become a member of Parliament. By the 1960s, he'd become a media baron. Born into a Hasidic family—his birth name was Ján Ludvík Hyman Binyamin Hoch—Maxwell died in disgrace in 1991 after falling or perhaps jumping off the side of his supersize yacht, the *Lady Ghislaine*.

"The shtetl Solotvyno, where I come from, it is no more,"

HOUSE_OVERSIGHT_021973

Maxwell said a few months before his demise. "It was poor. It was Orthodox. And it was Jewish. We were very poor. We didn't have things that other people had. They had shoes, they had food, and we didn't. At the end of the war, I discovered the fate of my parents and my sisters and brothers, relatives, and neighbors. I don't know what went through their minds as they realized that they'd been tricked into a gas chamber."

Maxwell's own death was followed by an international scandal. It turned out that he'd stolen hundreds of millions of pounds from his companies' pension funds and used them to prop up his empire. Two of his sons were tried for conspiracy to commit fraud and ultimately exonerated. But Ghislaine, who had grown up in luxurious surroundings and counted the Duke of York, Prince Andrew, among her intimates, could not escape the dark shadow her father had cast. Looking to start fresh, she took the Concorde to New York City.

At first, it seems, Maxwell and Epstein were lovers. "She was madly in love with Jeffrey," says a longtime friend of Ghislaine's. Then they became something more. Ghislaine took care of Epstein's travel arrangements. She managed his household and opened doors that very few Brooklyn-born Jewish boys could have passed through. According to lawsuits and witness testimony, she also became one of several women who procured young girls for Epstein.

She was not jealous, according to people who knew her back then. If anything, Ghislaine seemed to take pleasure in satisfying Epstein's needs.

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Brooklyn boy knew nothing about. One friend jokes that she taught Epstein the difference between a fish fork and a salad fork. But despite—or was it because of?—Maxwell's devotion to Epstein, she, too, graduated from girlfriend to friend status. According to *Jane Doe 102 vs. Jeffrey Epstein,* a civil complaint filed in 2009 by a woman later identified as Virginia Roberts, one of the services Maxwell provided for Epstein was the procurement of underage women. (Through her lawyer and in court papers, Maxwell has vehemently denied any involvement with Virginia, with any other young woman Epstein was involved with, or with any criminal activities committed by Jeffrey Epstein. In a 2016 answer to a defamation lawsuit brought by Roberts, Maxwell called the allegations fabricated for financial gain.)

The case of Nadia Bjorlin, who was thirteen when she was first noticed by Epstein, raises questions in this regard, at least in the eyes of her mother.

Bjorlin's Iranian-born mother spoke to a British tabloid some years ago about her family's disturbing experience with Maxwell and Epstein. Bjorlin's father, a celebrated conductor of classical music, had died a year earlier, the mother said. She believed that this made the girl a vulnerable and easy target.

"She was at school at the famed Interlochen Arts Center, in Michigan, when she met Epstein," the mother said.

"My daughter was a singer. She was a baby. She was a skinny little girl, not mature for her age. She was thirteen, but everyone thought she was nine or ten.

"Epstein was a big donor, and he heard about Nadia and that her father had died, so she was vulnerable, and he contacted her. He said, 'Here's my number.'

"He kept saying, 'Come—will you come?' He said he wanted

HOUSE_OVERSIGHT_021975

to help mentor her. I wouldn't let her meet him. What sort of a man approaches a young girl and asks to meet her?"

In the meantime, Maxwell had become friendly with the family. "I trusted Ghislaine; she was like a mother," Bjorlin's mother recalled. "She was always calling my house.

"Ghislaine didn't want me to meet Epstein, but I did anyway, and I asked what he wanted with Nadia. He said he wanted to help her singing career. He said, 'I'd like to be like a godfather.' It felt creepy.

"I had a bad vibe about him and said, 'Stop!' I told him, 'No, thank you. She doesn't need your help.' I kept Nadia away from him. She never met him alone. She never went anywhere with him."

Despite her suspicions, it took Epstein's arrest to make Bjorlin's mother wonder whether Maxwell and Epstein hadn't been sizing her daughter up for his stable of underage women.

Leslie Wexner: 19

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CHAPTER 30

Leslie Wexner: 1993

Leslie Wexner, the richest man in Ohio, is a proud midwesterner. Born into the rag trade (Wexner's parents were Russian-Jewish immigrants), he grew up to be a straight shooter—taciturn and camera-shy.

For several years running, his 315-foot boat, the *Limitless,* was the largest yacht owned by an American.

Wexner's employees loved him, and he was known to be fiercely loyal to them.

In time, he'd come to see the same qualities in Jeffrey Epstein.

"Everyone was mystified as to what [Epstein's] appeal was," says Robert Morosky, a former vice chairman of the clothing retailer the Limited, founded by Wexner.

"Almost everyone at the Limited wondered who he was," another former employee of Wexner's recalls. "He literally came out of nowhere."

HOUSE_OVERSIGHT_021977

But it seems that Epstein did work hard to untangle Wexner's finances. And it appears he succeeded. "Jeffrey cleaned that up right away," a former associate of Epstein's says.

The two men became all but inseparable.

"Very smart, with a combination of excellent judgment and unusually high standards," Wexner said of Epstein at the time. "Also, he is always a most loyal friend."

When Wexner wanted to break up with a woman he'd been dating for several years—a woman who moved to Ohio and converted to Judaism to make him happy—he dispatched Epstein to do the dirty work.

When Wexner hired a decorator for his Ohio mansion and wanted someone to verify the authenticity of several expensive antiques, Epstein flew in his friend Stuart Pivar, the renowned art collector and author. (According to Pivar, most of the antiques were cheap imitations.) When Wexner traveled abroad, he'd bring back trinkets and gifts for Epstein. When Wexner wanted to see *Cats*, Epstein arranged to have the cast perform in his mansion.

In Ohio, Wexner's associates whispered about his relationship with Jeffrey Epstein. In New York, they wondered about Epstein's role in Wexner's 1993 marriage to Abigail Koppel.

At thirty-one, Koppel was twenty-four years Wexner's junior. It was Epstein who negotiated the prenuptial agreement and orchestrated its very strange signing. Abigail signed the agreement in her law office. Wexner signed it in his office. According to an associate of Epstein's who was present, Epstein brought a *Sports Illustrated* swimsuit model along to Wexner's office, as if

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to make the point that there are other beautiful women in the world. As a joke, Epstein placed the agreement on the model's belly and had Wexner sign it right there.

Epstein asked his friend: "Are you sure you want to do this?"

"Yes, Jeffrey," said Wexner. "Quite sure."

"It was an uproarious scene," Epstein's associate recalls. "Just Jeffrey being Jeffrey. That was his gestalt."

HOUSE_OVERSIGHT_021979

PART III

The Women

CHAPTER 31

Mc2 Model Management's NYC branch is looking for "highly motivated and energetic" interns to assist their agents part-time or full-time. If you're thinking to yourself, who?, it's the agency founded by Jean-Luc Brunel, the guy who first signed Christy Turlington when she was just fourteen. Responsibilities include scanning pictures, answering phones, assisting with updating models' portfolios, and working in Photoshop, Word and Excel (so you have to already know what you're doing in those). You Must: Be interested in the fashion, modeling and photography industries, outgoing, well spoken, and able to keep cool while five different people demand Starbucks / copies / phone calls / etc. This is a great opportunity to get hands-on experience at a smaller agency, plus they can offer a stipend and a Metrocard as well as school credit if needed. Send your resume to intern@mc2mm.com Good luck!

—Julia Hermanns, *Fashionista*, January 30, 2009

HOUSE_OVERSIGHT_021981

Jean-Luc Brunel: 2005

For Jeffrey Epstein, Leslie Wexner is more than a mentor. More than the last in a line of older men—father figures—whom Epstein cultivated while making his way in the world.

Wexner is also a steady, if indirect, source of beautiful women.

After all, Wexner is the man in charge of Victoria's Secret, part of the Limited family of companies and—better yet—in charge of the Victoria's Secret catalog. What this means for Epstein is models galore. In fact, like a fox that's gotten hold of the lease to a henhouse, Epstein, according to evidence collected in a later lawsuit brought by Epstein victims, eventually provided financial support for a modeling agency, and provided support for models employed by that agency, in New York City.

This story begins with a Frenchman—a playboy modeling agent named Jean-Luc Brunel—who was an owner of the Karin modeling agency.

Brunel had been working as a modeling agent since the seventies. He claimed to have launched the careers of Monica Bellucci, Estelle, Jerry Hall, Rachel Hunter, Milla Jovovich, Rebecca Romijn, Kristina Semenovskaya, Sharon Stone, and Estella Warren, as well as Christy Turlington and other well-known cover girls. Brunel had also been a subject of a *60 Minutes* investigation, broadcast in 1988, into sexual exploitation in the modeling industry. That exposé had caused Eileen Ford of the elite Ford modeling agency to sever her ties with the playboy. (Brunel's activities were also chronicled in a 1995 book about the fashion

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industry—*Model: The Ugly Business of Beautiful Women,* by Michael Gross.)

But Brunel's reputation did not prevent Jeffrey Epstein from getting involved in his business.

According to a summary judgment court filing by Bradley Edwards, a victims' lawyer defending against a lawsuit by Jeffrey Epstein alleging fabrication of sexual assault cases against him, Epstein had provided support for Brunel's agency, which changed its name, in 2005, from Karin to MC2—as in $E = mc^2$.

As a scout for MC2, Brunel traveled the world in search of undiscovered talent, favoring Scandinavia, Israel, central Europe, the former Soviet republics, and South America, setting up modeling competitions and negotiating with other international modeling agents and agencies.

But according to the court filing, in which Edwards detailed the information he had gathered in support of victims, Epstein and Brunel had used the agency to bring underage girls from foreign countries into the United States by promising them modeling contracts. These girls were then housed in condominiums belonging to Epstein. "Epstein and Brunel would then obtain a visa for these girls," the document states, "then charge the underage girls rent, presumably to live as underage prostitutes in the condos."

"I strongly deny having participated, neither directly nor indirectly, in the actions Mr. Jeffrey Epstein is being accused of," Brunel would say. "I strongly deny having committed any illicit act or any wrongdoing in the course of my work as a scouter or model agencies manager. I have exercised with the utmost ethical standard for almost forty years."

According to Brunel, his association with Jeffrey Epstein

HOUSE_OVERSIGHT_021983

ended up having a strong negative impact on his reputation and business. Several photographers refused to work with him. Other agencies, such as Modilinos Model Management, curtailed their relationships with Brunel. And in 2015, Brunel filed his own civil lawsuit against Jeffrey Epstein, denying that he had any role in Epstein's illegal activities, alleging that Epstein had obstructed justice by telling him to avoid having his deposition taken in the criminal case the Palm Beach PD had built against Epstein, and claiming that false allegations of Brunel's links to Epstein's activities had harmed his reputation and cost him a great deal of business.

In his filing, Brunel included several e-mails from industry contacts who expressed their doubts about placing models with his agency. "Parents don't want their daughters coming to us because [when] they google your name and the agency name the only things they see is 'Sex Trafficking'!!!" one correspondent had written.

Nadia Marcinkova: circ

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CHAPTER 32

Nadia Marcinkova: circa 2000

MC2 has offices in New York City. But Jeffrey's always *in motion*—flying to his homes in New Mexico and the Virgin Islands. Often to Palm Beach. Sometimes to Paris. And when he comes home to New York he hosts parties where important people—corporate titans, real estate tycoons, university presidents, Nobel Prize–winning scientists, princes, ex-presidents, and heads of state—mingle with beautiful women.

Some guests marvel in public: Who *are* these women? Where do they *come* from?

Nadia Marcinkova comes from Slovakia. She looks like a model. But Nadia's done very little modeling, if any. Instead she's become another of Epstein's girlfriends.

According to statements given to the Palm Beach police, she's also served as a willing accomplice in Epstein's sexual assaults on underage females.

HOUSE_OVERSIGHT_021985

Epstein prefers diminutive women, but Nadia is tall. She's rail-thin and blond like the sun, with glowing skin, a wide smile, and sky-high cheekbones.

On a good day, she could pass for a Bond girl—a woman caught up in a web of crime and intrigue. But of course, that's exactly what she is.

In certain circles, the academics and the women in Epstein's orbit are almost a joke. In a 2003 profile of him, *New York* magazine quotes Harvard professors ("He is amazing"), Princeton professors ("He changed my life"), MIT professors ("If I had acted upon the investment advice he has given me over the years, I'd be calling you from my Gulfstream right now"), and other luminaries, up to and including Bill Clinton.

"I've known Jeff for fifteen years," says Donald Trump. "Terrific guy; he's a lot of fun to be with."

No one knew then that someday Trump would run for president. (When he does, he'll attack Hillary Clinton for Bill Clinton's own entanglements with Epstein.) But Trump's already ahead of the curve in that he ends up severing his ties to Epstein well before the police or the media get wind of Epstein's penchant for underage girls.

He does this because he finds out that in their endless hunt for "masseuses," Epstein's procurers have been prowling around Trump's estate in Palm Beach.

Virginia Roberts: 1999

Trump's estate, Mar-a
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CHAPTER 33

Virginia Roberts: 1999

Trump's estate, Mar-a-Lago, had once belonged to the fabulously wealthy heiress Marjorie Merriweather Post. It sits on twenty perfectly manicured acres less than two miles away from Jeffrey Epstein's home on El Brillo Way. It's home to the exclusive Mar-a-Lago Club, which has a spa, tennis courts, and a very posh restaurant.

Donald Trump had fought the town council for decades as they blocked all his efforts to turn the place into a private resort. Other clubs on the island—those with a history of excluding blacks and Jews—had never faced such restrictions, Trump had argued. At one point he sent copies of two movies to every member of the town council: *Guess Who's Coming to Dinner,* in which Sidney Poitier confronts his girlfriend's racist parents, and *Gentleman's Agreement,* in which a journalist confronts anti-Semitism in Connecticut and New York City.

HOUSE_OVERSIGHT_021987

"Whether they love me or not, everyone agrees the greatest and most important place in Palm Beach is Mar-a-Lago," Trump told the *Washington Post* after winning his battle. "I took this ultimate place and made it incredible and opened it, essentially, to the people of Palm Beach. The fact that I owned it made it a lot easier to get along with the Palm Beach establishment."

The Breakers hotel, Trump explained, "gets the [island's] leftovers."

It cost $100,000 to join the club. Members paid $14,000 yearly in dues. And although Epstein had never properly joined the club, Trump's friendship with Ghislaine Maxwell gave Epstein unlimited use of the facilities.

This arrangement ended when a member's young daughter complained to her wealthy father: while relaxing at Mar-a-Lago, she'd been approached and invited out to Epstein's house.

The girl said that she had gone and that Epstein had tried to get her to undress.

The girl's father had gone directly to Trump, who—in no uncertain terms—told Epstein that he was barred from Mar-a-Lago.

Because no complaint was filed, the police had taken no action. But years later, a woman named Virginia Roberts would say that, as a young girl, she'd had an identical encounter at Mar-a-Lago.

According to a court document Virginia filed in her civil lawsuit against Epstein, she was a changing-room assistant at Mar-a-Lago, earning about nine dollars an hour, when Ghislaine Maxwell approached her. Maxwell asked Virginia if she was interested in learning to be a massage therapist—which, it turned out, she was. Like the other girl, Virginia told her father,

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who was also employed at Mar-a-Lago as a maintenance manager. But Virginia's father saw nothing wrong with the offer, and he drove her, later that day, to Epstein's house on El Brillo Way.

There, according to the document, Maxwell assured Virginia's father that Ms. Maxwell would provide transportation home for his teenage daughter. Then she led Virginia upstairs, to a spa room equipped with a shower and a massage table. Jeffrey Epstein was lying, naked, on the table.

Virginia was shocked, she says in the filing, but, with no experience with massages, thought this could be massage therapy protocol. "Ms. Maxwell then took off her own shirt and left on her underwear and started rubbing her breasts across [Jeffrey's] body, impliedly showing [Virginia] what she was expected to do," the filing continues. "Ms. Maxwell then told [Virginia] to take off her clothes. The minor girl was apprehensive about doing this, but, in fear, proceeded to follow Ms. Maxwell by removing everything but her underwear. She was then ordered to remove her underwear and straddle [Epstein]. The encounter escalated, with [Jeffrey] and Ms. Maxwell sexually assaulting, battering, exploiting, and abusing [Virginia] in various ways and in various locations, including the steam room and the shower. At the end of this sexually exploitive abuse, [Epstein] and Ms. Maxwell giddily told [Virginia] to return the following day and told her she had 'lots of potential.' [Epstein] paid [Virginia] hundreds of dollars, told her it was for two hours of work, and directed one of her employees to drive her home."

At the time, Virginia was fifteen years old.

HOUSE_OVERSIGHT_021989

CHAPTER 34

Declaration of Virginia Roberts Giuffre: January 19, 2015, filed on January 19, 2015 by attorneys representing Jeffrey Epstein's victims

1. My name is Virginia Giuffre and I was born in August, 1983.

2. I am currently 31 years old.

3. I grew up in Palm Beach, Florida. When I was little, I loved animals and wanted to be a veterinarian. But my life took a very different turn when adults—including Jeffrey Epstein and his close friend Alan Dershowitz—began to be interested in having sex with me.

4. In approximately 1999, when I was 15 years old, I met Ghislaine Maxwell. She is the daughter of Robert Maxwell, who had been a wealthy publisher in Britain. Maxwell asked that I come with her to Jeffrey Epstein's mansion for the purposes of teaching me how to perform "massages" and to train

me personally in that area.
home in Palm Beach on El

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9. You can see how you
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10. Epstein took me on a
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HOUSE_OVERSIGHT_021990

CHAPTER 34

erts Giuffre: January 19, 015 by attorneys 's victims

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me personally in that area. Soon after that I went to Epstein's home in Palm Beach on El Brillo Way.

5. From the first time I was taken to Epstein's mansion that day, his motivations and actions were sexual, as were Maxwell's. My father was not allowed inside. I was brought up some stairs. There was a naked guy, Epstein, on the table in the room. Epstein and Maxwell forced me into sexual activity with Epstein. I was 15 years old at the time. He seemed to be in his 40s or 50s. I was paid $200. I was driven home by one of Epstein's employees.

6. I came back for several days following and did the same sorts of sexual things for Epstein.

7. After I did those things for Epstein, he and Maxwell said they were going to have me travel and were going to get an education for me. They were promising me the world, that I would travel with Epstein on his private jet and have a well-paid profession. Epstein said he would eventually match me up with a wealthy person so that I would be "set up" for life.

8. So I started "working" exclusively for Epstein. He took me to New York on his big, private jet. We went to his mansion in New York City. I was shown to my room, a very luxurious room. The mansion was huge. I was very young and I got scared because it was so big. Epstein brought me to a room with a massage parlor. Epstein made me engage [in] sexual activities with him there.

9. You can see how young I looked in the photograph below [see insert page 3].

10. Epstein took me on a ferry boat on one of the trips to New York City and there he took the picture above. I was approximately 15 or 16 years old at the time.

HOUSE_OVERSIGHT_021991

11. Over the next few weeks, Jeffrey Epstein and Ghislaine Maxwell trained me to do what they wanted, including sexual activities. The training was in New York and Florida, at Epstein's mansion. It was basically every day and it was like going to school. I also had to have sex with Epstein many times.

12. I was trained to be "everything a man wanted me to be." It wasn't just sexual training—they wanted me to be able to cater to all the needs of the men they were going to send me to. They said that they loved that I was very compliant and knew how to keep my mouth shut about what they expected me to do.

13. Epstein and Maxwell also told me that they wanted me to produce information for them in addition to performing sex on the men. They told me to pay attention to the details about what the men wanted, so I could report back to them.

14. While I had juvenile hopes of bettering my life, from very early on I was also afraid of Epstein. Epstein told me he was a billionaire. I told my mother that I was working for this rich guy, and she said "go, go far away." Epstein had promised me a lot, and I knew if I left I would be in big trouble. I was witness to a lot of illegal and bad behavior by Epstein and his friends. If I left Epstein, he knew all kinds of powerful people. He could have had me killed or abducted, and I knew he was capable of that if I did not obey him. He let me know that he knew many people in high places. Speaking about himself, he said "I can get away" with things. Even as a teenager, I understood what this meant and it scared me, as I believe he intended.

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15. I visited and traveled with Jeffrey Epstein from 1999 through the summer of 2002, and during that time I stayed with him for sexual activities at each of his houses (or mansions) in locations including New York City, New York; the area of Santa Fe, New Mexico; Palm Beach, Florida; an island in the U.S. Virgin Islands; and Paris, France. I had sex with him often in these places and also with the various people he demanded that I have sex with. Epstein paid me for many of these sexual encounters. Looking back, I realize that my only purposes for Epstein, Maxwell, and their friends was to be used for sex.

16. To illustrate my connection to these places, I include four photographs taken of me in New Mexico [see insert page 3 for one of the photographs mentioned]. The first one is a museum in Santa Fe, New Mexico. We had gone sightseeing for the day. Epstein took this picture of me. I was approximately 17 at the time, judging from the looks of it. At the end of the day we returned to Epstein's Zorro Ranch. The second picture is me on one of Epstein's horses on the ranch in New Mexico. The following two are from wintertime in New Mexico.

17. When I was with him, Epstein had sex with underage girls on a daily basis. His interest in this kind of sex was obvious to the people around him. The activities were so obvious and bold that anyone spending any significant time at one of Epstein's residences would have clearly been aware of what was going on.

18. Epstein's code word for sexual encounters was that it was a "massage." At times the interaction between Epstein and the girls would start in the massage room setting, but it was always a sexual encounter and never just a massage.

HOUSE_OVERSIGHT_021993

19. In addition to constantly finding underage girls to satisfy their personal desires, Epstein and Maxwell also got girls for Epstein's friends and acquaintances. Epstein specifically told me that the reason for him doing this was so that they would "owe him," they would "be in his pocket," and he would "have something on them." I understood that Epstein thought he could get leniency if he was ever caught doing anything illegal, or that he could escape trouble altogether.

Roberts submitted her declaration in support of a motion to be added as a plaintiff in a suit (ongoing, as of this writing) that sought to overturn a non-prosecution agreement that Jeffrey Epstein would reach with the government. Roberts was seeking to join a case brought against the government by two other victims, but a judge denied her motion in April of 2015, explaining that the case had already been pending for several years, and it was unneccesary to add an additional plaintiff.

Roberts's declaration, which goes on for another eight pages, and makes twenty-four additional points, was stricken from the record—the judge explained that the "lurid" and "unnecessary details" involving "non-parties" to the lawsuit against the government, were "immaterial and impertinent" to the proceedings.

Through a representative, Ghislaine Maxwell called the allegations against her "obvious lies," after which Roberts filed a defamation suit against Maxwell. In an answer filed in the suit, Maxwell elaborated that Roberts's "story of abuse at the hands of Ms. Maxwell" was "fabricated" for financial gain.

Alicia: May 20, 1997

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CHAPTER 35

Alicia: May 20, 1997

Donald Trump's instincts regarding Jeffrey Epstein were solid. But if the reporters who were beginning to look into Epstein's mysterious background had dug a bit further, there's a chance they would have hit pay dirt as well—and not just in Palm Beach.

In California, for instance, a paper trail already stretched from the Santa Monica Police Department to Epstein's front door.

In the spring—almost the summer—of 1997, a call came in to the police. The young woman who placed it—a young actress who'd appeared on *Baywatch* and *General Hospital*—said she'd been sexually assaulted at a trendy hotel called Shutters on the Beach.

The officer who took the call knew the woman's name—Alicia*—and her voice. A week earlier, she'd told him about an

* Alicia's name, some identifying details, and dialogue have been changed.

HOUSE_OVERSIGHT_021995

encounter with Epstein. The woman had not wanted to make a formal complaint at the time. But she had taken the cop's card, and now he was happy to hear that she'd changed her mind.

In a shaky voice, Alicia described Epstein as a tallish man—five feet eleven or six feet in height was her guess—with gray hair and brown eyes. He was the owner of a large black four-door Mercedes and was a regular at Shutters on the Beach, which was the kind of place that cost one thousand dollars a night and was frequented by actors, agents, and other Hollywood types.

Alicia told the cop that she was a model and actress herself. She'd known Epstein for about a month. They had a friend in common, and she'd sent him her head shots.

Then, through an assistant, Epstein had invited her to meet in his room at the hotel.

Alicia said she was having reservations, the officer wrote in his report, *because generally interviews are not conducted in hotel rooms.*

According to her, things turned frightening quickly.

> *She was unsure she was safe because although she wanted to land the job as a 'Victoria's Secret' catalog model she felt as though Epstein was attempting to get her to act in an unprofessional manner for a model.*

Epstein wore navy blue sweatpants and a white T-shirt, she recalled. The T-shirt had the letters *USA* printed on it in patriotic red, white, and blue.

> *Epstein told her to undress and actually assisted her to do so while saying 'let me manhandle you for a second.'*

Then, Alicia told the cop,
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had stopped Epstein, and left
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At the top of his crime
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Then, Alicia told the cop, *Epstein groped her buttocks against her will while acting as though he was evaluating her body.* Alicia had stopped Epstein, and left the room, but couldn't get over the incident.

At the top of his crime report, the officer wrote "Sexual Battery." But Epstein was never charged in the incident. "The Santa Monica Police Department discounted every one of [Alicia's] allegations of improper conduct by Jeffrey Epstein and they took no action on this 1997 complaint," Epstein's West Palm Beach attorney, Jack Goldberger, told the *Palm Beach Post* in 2010.

"The cops said it'd be my word against his," Alicia told the paper. "And since he had a lot of money, I let it go. I hadn't thought much about it since, until I saw his picture online. And now, I want everybody to know how much of a creep he's always been."

HOUSE_OVERSIGHT_021997

CHAPTER 36

Graydon Carter: December 2002

Graydon Carter, the legendary editor of *Vanity Fair,* likes to get to his office early, well before the rest of his staff files in.

Most monthly magazines operate at a leisurely pace—three weeks of coming up with ideas, assigning articles, and shooting the shit in the corporate kitchen followed by one frantic week when all the actual editing gets done. But this isn't the case at *Vanity Fair,* which runs hard-hitting investigative pieces alongside its glitzy celebrity profiles. There are also parties to plan and host—incredibly glamorous parties, including the annual Oscar-night bash, which is more fun and far more exclusive than the Academy Awards ceremony itself. *Vanity Fair* is an old, famous brand. But Carter is its public face, just as Anna Wintour is the face of Condé Nast's iconic fashion magazine, *Vogue.*

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CHAPTER 36

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public face, just as Anna Wintour
ic fashion magazine, *Vogue*.

One cover of *Vanity Fair* can turn a minor celebrity into a superstar. And a single thoroughly researched story can bring down a corporate overlord.

Carter's easy to recognize: the pompadour of white hair, like a lion's mane. The Santa Claus body stuffed into an impeccably tailored bespoke suit. He wears his fame lightly. But he could not be more serious about his responsibilities, which are weighing heavily on him this month. Months earlier, he'd assigned a piece to Vicky Ward, an Englishwoman who wrote frequently for *Vanity Fair*. He'd meant for it to be an easy assignment: Ward was pregnant with twins. She wasn't allowed to fly. But here was a story right on her doorstep. A nice, easy profile of Jeffrey Epstein. Who was he, really? Carter knew he threw fabulous parties attended by academics, billionaires, and beautiful women. Recently he'd flown Bill Clinton to Africa. But no one seemed to know how he had made his fortune. Epstein's story reminded the editor of F. Scott Fitzgerald's *The Great Gatsby*.

Carter himself could have stepped out of a novel—though in his case, the author would be Horatio Alger. A Canadian college dropout who'd worked as a railroad lineman, he arrived in New York in his late twenties and commenced an astonishingly quick rise up the social and media ladders. But where Carter was open and outgoing, Epstein really was Gatsby-like—very little about him was known. Maybe, Carter thought, Ward could find out. What did Epstein do, exactly, for money? Why was he so secretive? Why were so many brilliant and powerful men drawn to him? And where did those beautiful women come from?

Almost immediately, Epstein began a campaign to discredit Ward. He prevailed upon Conrad Black, the press baron and

HOUSE_OVERSIGHT_021999

Epstein's Palm Beach neighbor—who was also a step-uncle of Vicky Ward's husband—to ask Ward to drop the story. But Ward was tenacious, and what she came back with was dynamite. More interesting and much more salacious than anything Carter had imagined.

Now Carter's staff was putting in the hours it would take to confirm all the things she'd uncovered, picking the ones they could publish and laying them all out in a narrative that would be no less explosive than the facts it contained.

Vicky Ward: October

Epstein went out of
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CHAPTER 37

Vicky Ward: October 2002

Epstein went out of his way to spin the *Vanity Fair* story to his own ends, and soon after she got the assignment, Vicky Ward's phone began to ring off the hook: calls from Ace Greenberg and Jimmy Cayne, the current head of Bear Stearns; from Les Wexner; from academics, scientists, and movers and shakers who counted Epstein among their friends.

Then there were the calls from Epstein himself. He wouldn't go on the record, but despite the rumors he'd spread behind Ward's back, he was happy to talk informally, even give her a tour of his Manhattan mansion and trot out stories that he had dined out on for years. By most accounts, Epstein could be extremely charming—even if it had taken Ghislaine to teach him which forks to use when—and he did his best to charm Vicky Ward. But she was not easily seduced, and she turned out to have a keen eye for Epstein's missteps.

HOUSE_OVERSIGHT_022001

Over tea in his town house, she noticed, Epstein ate all the finger food that had been put out for both of them. She found it odd that the only book this supposedly brilliant man had left for her to see was a paperback by the Marquis de Sade. And then there was the call afterward from one of Epstein's assistants—a woman Ward did not know—who told her, "Jeffrey wanted me to tell you that you looked so pretty."

Ward is pretty, with fine English features and flowing blond hair. She was also *very* pregnant then, with a bad case of morning sickness. She threw up often, sometimes in public, and these clumsy advances on Epstein's part only added to her ever-present nausea. For a man who was supposedly brilliant, he'd struck her, oddly, as not very *smart*.

"Epstein is charming, but he doesn't let the charm slip into his eyes," she wrote. "They are steely and calculating, giving some hint at the steady whir of machinery running behind them. 'Let's play chess,' he said to me, after refusing to give an interview for this article. 'You be white. You get the first move.' It was an appropriate metaphor for a man who seems to feel he can win no matter what the advantage of the other side. *His* advantage is that no one really seems to know him or his history completely or what his arsenal actually consists of. He has carefully engineered it so that he remains one of the few truly baffling mysteries among New York's moneyed world. People know snippets, but few know the whole."

The testimonials Epstein's friends gave were glowing: "I think we both possess the skill of seeing patterns," Les Wexner told her. "Jeffrey sees patterns in politics and financial markets, and I see patterns in lifestyle and fashion trends. My skills are

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not in investment strategy, and, as everyone who knows Jeffrey knows, his are not in fashion and design. We frequently discuss world trends as each of us sees them."

"I'm on my 20th book," said Alan Dershowitz, who'd met Epstein in 1997. "The only person outside of my immediate family that I send drafts to is Jeffrey."

But Ward also talked to other sources, who had their own questions and qualms about Jeffrey Epstein. Some were involved in lawsuits against him. Others had served on prestigious boards with him. One who had witnessed Epstein's aborted stint on the board of Rockefeller University called him arrogant.

One powerful investment manager wondered about Epstein's conspicuous absence from New York's trading floors. "The trading desks don't seem to know him," he says. "It's unusual for animals *that* big to not leave any footprints in the snow."

Ward uncovered legal documents, including Epstein's interview with the SEC, given in the wake of his departure from Bear Stearns. She visited a federal prison in Massachusetts and spoke at length with Steven Hoffenberg, who told her that Epstein had made a major mistake in taking Bill Clinton to Africa. "I always told him to stay below the radar," Hoffenberg said. He made other accusations, about Epstein's financial practices, which Epstein denied—and Ward knew that Hoffenberg, the Ponzi-scheme mastermind, was not to be trusted. But she did find it strange that throughout the reporting process Epstein was much less openly concerned with what she'd found out about his finances than with what she'd uncovered about his dealings with women.

Time and again, he would call and ask her: "What do you have on the *girls*?"

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* * *

One young woman Ward talked to had been invited by Ghislaine Maxwell to attend a party at Epstein's town house. There, the woman had noticed, female guests far outnumbered the male guests. "These were not women you'd see at Upper East Side dinners," the woman had said. "Many seemed foreign and dressed a little bizarrely."

"This same guest also attended a cocktail party thrown by Maxwell that Prince Andrew attended, which was filled, she says, with young Russian models," Ward wrote. "'Some of the guests were horrified,' the woman says."

Another source, one who had worked with Epstein, said, "He's reckless, and he's gotten more so. Money does that to you. He's breaking the oath he made to himself—that he would never do anything that would expose him in the media. Right now, in the wake of the publicity following his trip with Clinton, he must be in a very difficult place."

Vicky Ward: Novembe

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CHAPTER 38

Vicky Ward: November 2002

What I had 'on the girls,'" Ward explained in a *Daily Beast* article published after Epstein's arrest, "were some remarkably brave first-person accounts. Three on-the-record stories from a family: a mother and her daughters who came from Phoenix. The oldest daughter, an artist whose character was vouchsafed to me by several sources, including the artist Eric Fischl, had told me, weeping as she sat in my living room, of how Epstein had attempted to seduce both her and, separately, her younger sister, then only 16."

Ward had written it all down in her notes. She had crossed the t's, dotted the i's.

But when she called Epstein to get his response, he denied the allegations completely.

"Just the mention of a 16-year-old girl," Epstein told her,

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"carries the wrong impression. I don't see what it adds to the piece. And that makes me unhappy."

If some sort of criminal investigation had taken place, that would have been one thing. But, at that time, no criminal investigation into Epstein's affairs had been launched. And in the absence of an investigation, the rumors of Epstein's dealings with very young women seemed to be just that—rumors.

Graydon Carter consulted his lawyers, his editors, and his fact-checkers. And then something odd and disturbing happened at the Condé Nast building, then in Times Square.

As usual, Carter had come into the office early. He swiped his key card in the lobby, pressed the elevator button, and arrived in the hallway outside the reception area on the twenty-first floor.

It would have been a perfect time to review Ward's story.

Her description of Epstein's town house—which is said to have been the largest private residence in New York City at the time—was priceless: "Inside, amid the flurry of menservants attired in sober black suits and pristine white gloves, you feel you have stumbled into someone's private Xanadu," she'd written. "This is no mere rich person's home, but a high-walled, eclectic, imperious fantasy that seems to have no boundaries. The entrance hall is decorated not with paintings but with row upon row of individually framed eyeballs; these, the owner tells people with relish, were imported from England, where they were made for injured soldiers. Next comes a marble foyer, which does have a painting, in the manner of Jean Dubuffet . . . but the host coyly refuses to tell visitors who painted it. In any case,

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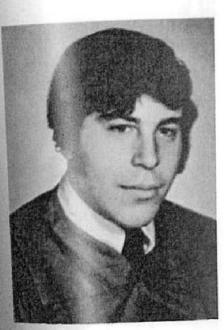

Jeffrey Epstein, Coney Isl
circa 1969 (*Anonym*

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CHAPTER 52

Jeffrey Epstein: June 30, 2008

The Palm Beach County Main Detention Center is on the west side of Lake Worth Lagoon, which separates West Palm Beach from the island of Palm Beach. Epstein's home on El Brillo Way is five miles to the east. Mary's high school is several miles to the west.

It's fitting, somehow, that this jail—which is the jail Epstein ends up in, after turning himself in to the local sheriff—lies in between the two points.

The detention center's inmates, their families, and their lawyers call it the Gun Club, a reference not only to the jail's address, on Gun Club Road, but also to its population of hustlers, burglars, drug dealers, rapists, and murderers. There's the occasional hooker as well. And, from time to time, Haitian refugees are lodged there.

There are three thousand inmates in all.

HOUSE_OVERSIGHT_022007

Some wait a year before making their way to the courthouse, their date with the public defender, and an appearance before the judge. Some get out much sooner, if only they can make bail. But there's no bail without money—or at least collateral—and, of course, being without money is often what lands people in jail in the first place.

Jeffrey Epstein could have posted bail for every single inmate in the Gun Club.

But that's just one of the ways in which Epstein is unlike his fellow inmates. He's an admitted pedophile now. Even a famous one.

And, famously, pedophiles tend to fare poorly in jail.

Luckily for Epstein, Ric Bradshaw, the sheriff in charge of local jails, transfers Epstein to the infirmary, where he spends exactly one night before being transferred seven miles up the road to a much smaller, safer location: the Palm Beach County *Central* Detention Center—or, as it's known, the Stockade.

"It's not somewhere we'd put a serial killer," Ric Bradshaw says.

Most of the residents here are addicts who take part in drug education programs, prostitutes, petty criminals, and drunks. It's a far safer place for Epstein to be, and, unlike other inmates (except, of course, those being held in solitary), he'll end up with his own cell, even his own wing, which he has to himself. Epstein's allowed to pay for a security guard, who sits outside the cell and keeps watch. And he's allowed any number of visitors.

For a convicted felon, it's an extraordinary benefits package.

But according to Sheriff Bradshaw, who also oversees the Stockade, Epstein is incredulous over the treatment he is receiving.

"He was astonished that he had to go to prison at all," Bradshaw remembers.

"Let's just say he didn't think he belonged there."

Sheriff Ric Bradshaw: June

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CHAPTER 53

Sheriff Ric Bradshaw: June 2015

"Our job," says Ric Bradshaw, "was to make sure nobody killed him."

Sheriff Bradshaw could have stepped off the set of a Western. Imposingly tall, with his cowboy hat, Kurt Russell mustache, and slow, southern drawl, he looks *exactly* like an old-school law officer—the kind you once would have found patrolling the streets of Tombstone, Deadwood, or Dodge City. He's been a lawman for forty-four years, eleven of which have been spent as the head of the county's jails. As a rule, he doesn't talk to the media, and today, as he talks about Jeffrey Epstein, he's clearly uncomfortable, fidgety, and ill disposed.

But here in his wood-paneled office on the first floor of the Gun Club, Bradshaw remembers Epstein quite well.

"We have a thousand sexual predators in the county," he says. "When he arrived here, he was one of them. He definitely

HOUSE_OVERSIGHT_022009

fit the category we have to ensure the general population is not going to take their anger out on."

Although he understands that Epstein is a sex offender and has a sense of the scope of his alleged crimes, Bradshaw's also aware that the actual *conviction* was for a "low-level felony." At the request of Epstein's attorneys—a request that is confirmed by a court order—Epstein is quickly granted "work release."

What it means in practice is that six days a week, for up to sixteen—sixteen!—hours each day, Epstein is allowed to leave the Stockade to be driven by a designated driver in a car earmarked especially for him to any one of three places: his lawyer Jack Goldberger's office in downtown West Palm Beach, the Palm Beach office of a science foundation that he's established, and his house on El Brillo Way.

Despite the ankle bracelet he wears, it could be argued that as a fabulously rich prisoner with two of his own jets parked nearby, at the Palm Beach International Airport, Epstein might have posed a flight risk.

Instead, every day of the week save one, he's allowed to go to his lawyer's, to go to his office, or simply to go home.

Did the deputy in charge of Epstein go to the house on El Brillo Way?

Ric Bradshaw considers the question.

"Yes," he says, "he did."

Did the deputy go inside the house?

"Yes, he did."

If so, the deputy might have encountered Nadia Marcinkova, who was staying on El Brillo Way at the time. He may also have

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That would be Jean-Luc E

For the duration of Jeffre
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That would be Jean-Luc Brunel.

For the duration of Jeffrey Epstein's stay—or half stay—in the Stockade, Brunel's taken up residence in the house on El Brillo Way.

HOUSE_OVERSIGHT_022011

CHAPTER 54

Jeffrey Epstein: June 30, 2008–July 21, 2009

According to Sheriff Ric Bradshaw, the treatment Jeffrey Epstein received in the Stockade was not preferential. By some measures, he isn't wrong.

In 2010, millionaire polo mogul John Goodman killed a young man while driving drunk. He was convicted but was allowed to spend two years under house arrest while his appeal was being tried.

Like Epstein, Goodman was allowed visitors. But Goodman's visitor list was nothing like Jeffrey Epstein's.

Nadia Marcinkova is said to have visited Epstein in jail more than seventy times.

Epstein's assistant Sarah Kellen also visited Epstein in the Stockade.

A Russian mixed martial artist named Igor "Houdini" Zinoviev was another visitor, as was a disbarred lawyer and financial

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Sheriff Bradshaw wants
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But even US attorney Acos
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"Epstein appears to have
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CHAPTER 54

2008–July 21, 2009

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fraudster named Arnold Prosperi, whose own prison sentence had been commuted by Bill Clinton on the day before Clinton left office.

Sheriff Bradshaw wants to be clear: none of these visits was conjugal.

But even US attorney Acosta, who negotiated Epstein's unusual agreement with the government, would say that Epstein's arrangement was highly irregular.

"Epstein appears to have received highly unusual treatment while in jail," Acosta would say in a letter addressed to the general public. "Although the terms of confinement in a state prison are a matter appropriately left to the state of Florida and not federal authorities, without doubt, the treatment that he received while in state custody undermined the purpose of a jail sentence."

And, of course, Epstein's stay at the Stockade was subsidized by taxpayers.

HOUSE_OVERSIGHT_022013

CHAPTER 55

R. Alexander Acosta's letter to the general public, March 20, 2011

To whom it may concern:

I served as U. S. Attorney for the Southern District of Florida from 2005 through 2009. Over the past weeks, I have read much regarding Mr. Jeffrey Epstein. Some appears true, some appears distorted. I thought it appropriate to provide some background, with two caveats: (i) under Justice Department guidelines, I cannot discuss privileged internal communications among department attorneys and (ii) I no longer have access to the original documents, and as the matter is now nearly 4 years old, the precision of memory is reduced.

The Epstein matter was originally presented to the Palm Beach County State Attorney. Palm Beach Police alleged that Epstein unlawfully hired underage high-

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CHAPTER 55

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lawfully hired underage high-

school females to provide him sexually lewd and erotic massages. Police sought felony charges that would have resulted in a term of imprisonment. According to press reports, however, in 2006 the State Attorney, in part due to concerns regarding the quality of the evidence, agreed to charge Epstein only with one count of aggravated assault with no intent to commit a felony. That charge would have resulted in no jail time, no requirement to register as a sexual offender and no restitution for the underage victims.

Local police were dissatisfied with the State Attorney's conclusions, and requested a federal investigation. Federal authorities received the State's evidence and engaged in additional investigation. Prosecutors weighed the quality of the evidence and the likelihood for success at trial. With a federal case, there were two additional considerations. First, a federal criminal prosecution requires that the crime be more than local; it must have an interstate nexus. Second, as the matter was initially charged by the state, the federal responsibility is, to some extent, to back-stop state authorities to ensure that there is no miscarriage of justice, and not to also prosecute federally that which has already been charged at the state level.

After considering the quality of the evidence and the additional considerations, prosecutors concluded that the state charge was insufficient. In early summer 2007, the prosecutors and agents in this case met with Mr. Epstein's attorney, Roy Black. Mr. Black is perhaps best known for his successful defense of William

HOUSE_OVERSIGHT_022015

Kennedy Smith. The prosecutors presented Epstein a choice: plead to more serious state felony charges (that would result in 2 years' imprisonment, registration as a sexual offender, and restitution for the victims) or else prepare for a federal felony trial.

What followed was a year-long assault on the prosecution and the prosecutors. I use the word assault intentionally, as the defense in this case was more aggressive than any which I, or the prosecutors in my office, had previously encountered. Mr. Epstein hired an army of legal superstars: Harvard Professor Alan Dershowitz, former Judge and then Pepperdine Law Dean Kenneth Starr, former Deputy Assistant to the President and then Kirkland & Ellis Partner Jay Lefkowitz, and several others, including prosecutors who had formerly worked in the U.S. Attorney's Office and in the Child Exploitation and Obscenity Section of the Justice Department. Defense attorneys next requested a meeting with me to challenge the prosecution and the terms previously presented by the prosecutors in their meeting with Mr. Black. The prosecution team and I met with defense counsel in Fall 2007, and I reaffirmed the office's position: two years, registration and restitution, or trial.

Over the next several months, the defense team presented argument after argument claiming that felony criminal proceedings against Epstein were unsupported by the evidence and lacked a basis in law, and that the office's insistence on jail-time was motivated by a zeal to overcharge a man merely because he is wealthy. They bolstered their arguments with legal opinions from

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well-known legal experts. One member of the defense team warned me that the office's excess zeal in forcing a good man to serve time in jail might be the subject of a book if we continued to proceed with the matter. My office systematically considered and rejected each argument, and when we did, my office's decisions were appealed to Washington. As to the warning, I ignored it.

The defense strategy was not limited to legal issues. Defense counsel investigated individual prosecutors and their families, looking for personal peccadilloes that may provide a basis for disqualification. Disqualifying a prosecutor is an effective (though rarely used) strategy, as eliminating the individuals most familiar with the facts and thus most qualified to take a case to trial harms likelihood for success. Defense counsel tried to disqualify at least two prosecutors. I carefully reviewed, and then rejected, these arguments.

Despite the army of attorneys, the office held firm to the terms first presented to Mr. Black in the original meeting. On June 30, 2008, after yet another last minute appeal to Washington D.C. was rejected, Epstein pled guilty in state court. He was to serve 18 months imprisonment, register as a sexual offender for life, and provide restitution to the victims.

Some may feel that the prosecution should have been tougher. Evidence that has come to light since 2007 may encourage that view. Many victims have since spoken out, filing detailed statements in civil cases seeking damages. Physical evidence has since been discovered. Had these additional statements and evidence been known,

HOUSE_OVERSIGHT_022017

the outcome may have been different. But they were not known to us at the time.

A prosecution decision must be based on admissible facts known at the time. In cases of this type, those are unusually difficult because victims are frightened and often decline to testify or if they do speak, they give contradictory statements. Our judgment in this case, based on the evidence known at the time, was that it was better to have a billionaire serve time in jail, register as a sex offender, and pay his victims restitution than risk a trial with a reduced likelihood of success. I supported that judgment then, and based on the state law as it then stood and the evidence known at the time, I would support that judgment again.

Epstein's treatment, while in state custody, likewise may encourage the view that the office should have been tougher. Although the terms of confinement in a state prison are a matter appropriately left to the State of Florida, and not federal authorities, without doubt, the treatment that he received while in state custody undermined the purpose of a jail sentence.

Some may also believe that the prosecution should have been tougher in retaliation for the defense's tactics. The defense, arguably, often failed to negotiate in good faith. They would obtain concessions as part of a negotiation and agree to proceed, only to change their minds, and appeal the office's position to Washington. The investigations into the family lives of individual prosecutors were, in my opinion, uncalled for, as were the accusations of bias and/or misconduct against individual prosecutors.

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t against individual prosecutors.

At times, some prosecutors felt that we should just go to trial, and at times I felt that frustration myself. What was right in the first meeting, however, remained right irrespective of defense tactics. Individuals have a constitutional right to a defense. The aggressive exercise of that right should not be punished, nor should a defense counsel's exercise of their right to appeal a U.S Attorney to Washington D.C. Prosecutors must be careful not to allow frustration and anger with defense counsel to influence their judgment.

After the plea, I recall receiving several phone calls. One was from the FBI Special Agent-In-Charge. He called to offer congratulations. He had been at many of the meetings regarding this case. He was aware of the tactics of the defense, and he called to praise our prosecutors for holding firm against the likes of Messrs. Black, Dershowitz, Lefkowitz and Starr. It was a proud moment. I also received calls or communications from Messrs. Dershowitz, Lefkowitz and Starr. I had known all three individuals previously, from my time in law school and at Kirkland & Ellis in the mid 90s. They all sought to make peace. I agreed to talk and meet with each of them after Epstein pled guilty, as I think it important that prosecutors battle defense attorneys in a case and then move on. I have tried, yet I confess that this has been difficult to do fully in this case.

The bottom line is this: Mr. Jeffrey Epstein, a billionaire, served time in jail and is now a registered sexual offender. He has been required to pay his victims restitution, though restitution clearly cannot compensate for the crime. And

HOUSE_OVERSIGHT_022019

we know much more today about his crimes because victims have come forward to speak out. Some may disagree with prosecutorial judgments made in this case, but those individuals are not the ones who at the time reviewed the evidence available for trial and assessed the likelihood of success.

Respectfully,
R. Alexander Acosta
Former U.S. Attorney
Southern District of Florida

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Former U.S. Attorney
Southern District of Florida

PART VI

Aftermath

HOUSE_OVERSIGHT_022021

CHAPTER 56

Jeffrey Epstein: July 2009

Jeffrey Epstein walks out of the Stockade on July 21, 2009, having served less than thirteen months of his eighteen-month sentence. One of the concessions his lawyers have gotten while working out his plea-deal guarantees is that the media not be alerted to the time and day of his departure.

But from now on, Epstein, who is fifty-six, will carry the mark of a level 3 sex offender—level 1 being the lowest, and level 3 indicating the highest possible risk of a future criminal act of a sexual nature. Wherever he goes, he will be forced to register as such.

Every ninety days, Epstein will have to check in with the authorities. Every year, the New York City Police Department will take his mug shot. And for a full year, Epstein will be under house arrest in Palm Beach.

This last prohibition doesn't stop him from flying, with court

HOUSE_OVERSIGHT_022022

approval, on his own planes to New York and to Little Saint Jeff's, where the locals have taken to referring to Epstein's 727 as the Lolita Express.

There are other restrictions, of course, that Epstein is supposed to abide by. He has to provide the state of Florida with a list of all the motor vehicles, boats, and airplanes he owns. The full list includes two Escalades, six Suburbans, two Ford F-150s, two Harley-Davidsons, a Land Rover, a Hummer H2, a thirty-four-foot JVC boat, and a thirty-five-foot Donzi powerboat.

Three of his five planes turn out to be registered to a company called Air Ghislaine, Inc.

As a registered sex offender, Epstein is legally obliged to undergo psychiatric treatment. This is a restriction he'll get around by having his own psychologist submit a report to law enforcement officers.

Epstein is also prohibited from accessing pornography on the Internet and using social networking for sexual purposes.

For Jeffrey Epstein, there will be no Bangbros, Tinder, or Swingles.com.

There *will* be lawsuits.

Six weeks before probation ends, he settles with seven women who sue him in civil court. But Epstein can easily afford the settlement payments. He won't be going back to jail, and in regard to further prosecution for any criminal actions, his troubles are behind him.

Not everyone who's spent time in his company will be so lucky.

Alfredo Rodriguez: Aug

Epstein's houseman, Al
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CHAPTER 57

Alfredo Rodriguez: August 2009

Epstein's houseman, Alfredo Rodriguez, also ends up with a prison sentence.

In a sworn statement, Rodriguez talks about Epstein's maid, Lupita, who had complained to him about having to clean up after Epstein's "massages." Lupita, who was a devout Catholic, had cried as she described the stained towel and sex toys.

Rodriguez was fired by Epstein, he says, when he called 911 after seeing a strange car—a "beater"—in Epstein's driveway.

As it turned out, the car had belonged to one of Epstein's masseuses.

On his way out of the house on El Brillo Way, he took some of Epstein's papers, which he failed to produce when questioned by Chief Reiter's investigators.

For years, Rodriguez tried and failed to find work as a house manager. No one wanted to hire someone who'd worked for

HOUSE_OVERSIGHT_022024

Jeffrey Epstein. Finally, desperately, he tried to sell the information he'd stolen.

The papers named underage girls and the places where Epstein had taken them. The list included locations in California, Paris, New Mexico, New York, and Michigan. The papers also included the names, addresses, and phone numbers of famous individuals—Henry Kissinger, Mick Jagger, Dustin Hoffman, Ralph Fiennes, David Koch, Ted Kennedy, Donald Trump, Bill Richardson, Bill Clinton, and former Israeli prime minister Ehud Barak among them.

This was intriguing, if not at all damning. Epstein made a habit of collecting such information for future use. But information pertaining to the girls would have bolstered the state's case against Jeffrey Epstein, and by withholding it from the Palm Beach PD and the FBI, Rodriguez had committed a crime.

In his defense, Rodriguez would say that the papers were an "insurance policy." Without them, he believed, Epstein would have made him "disappear."

But now Rodriguez needed the money. And so a few weeks after Epstein's release from the Stockade, he approached a lawyer who was representing some of Epstein's masseuses. He had the "holy grail," he insisted. A "golden nugget." The names of hundreds of girls, he said, who had been abused by Epstein.

The lawyer told Rodriguez in no uncertain terms that he was obliged to turn whatever he had over to the authorities. By demanding money for the information, Rodriguez was committing another crime.

According to a sworn statement by Christina Pryor, a special agent with the FBI, Rodriguez "persisted that he would only turn over the information in his possession in exchange for $50,000."

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Two months later, on October 28, the lawyer called Rodriguez, who insisted once more on being paid for the information. The lawyer told him that an associate would be in touch.

What the lawyer knew and Rodriguez did not know was that the associate in question was an undercover employee (UCE) of the FBI. A few days later, on November 2, the UCE calls Rodriguez and sets up a meeting, which takes place the following day.

"During the meeting, Rodriguez produced a small bound book and several sheets of legal pad paper containing handwritten notes," Special Agent Pryor would say in her statement. She continues:

> *Rodriguez explained that he had taken the bound book from his former employer's residence while employed there in 2004 to 2005 and that the book had been created by persons working for his former employer. Rodriguez discussed in detail the information within the book and identified important information to the UCE. In addition, Rodriguez admitted he had previously lied to the FBI. Rodriguez asked the UCE about the $50,000, took possession of the money, and began counting it.*
>
> *Rodriguez was then detained for Obstruction of Official Proceedings, Title 18, U.S. Code, Section 1512(c), and questioned. After Miranda warnings were administered by agents, Rodriguez waived his rights and signed a written waiver of those rights. Rodriguez admitted that he had the documents and book in his possession and had never turned them over to local law enforcement or the FBI. In addition, Rodriguez*

HOUSE_OVERSIGHT_022026

advised he had witnessed nude girls whom he believed were underage at the pool area of his former employer's home, knew that his former employer was engaging in sexual contact with underage girls, and had viewed pornographic images of underage girls on computers in his employer's home. Rodriguez was then released from custody for further investigation.

The items that Rodriguez had attempted to sell to the UCE for $50,000.00 were reviewed by an agent familiar with the underlying criminal investigation. As Rodriguez had described, the items contained information material to the underlying investigation that would have been extremely useful in investigati[ng] and prosecuting the case, including the names and contact information of material witnesses and additional victims. Had those items been produced in response to the inquiries of the state law enforcement officers or the FBI Special Agents, their contents would have been presented to the federal grand jury.

Following his release, Alfredo Rodriguez was arrested again. He appeared in court on June 18, 2010, facing charges of corruptly concealing records and documents. Dressed in a blue jumpsuit and shackles, he apologized for his crimes and asked the court to be merciful.

He received a sentence of eighteen months.

It was the same punishment that Jeffrey Epstein had gotten for his crimes. But unlike Epstein, Alfredo Rodriguez served his time in a federal prison and did not ask for, or receive, permission to go on work release.

Prince Andrew: 2011

Prince Andrew also fares
imprisonment.

The two men are old f
Ghislaine Maxwell introduced
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The prince had also visited
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According to the *Guardian*,
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CHAPTER 58

Prince Andrew: 2011

Prince Andrew also fares poorly in the wake of Epstein's imprisonment.

The two men are old friends. They have been ever since Ghislaine Maxwell introduced the prince to her then-beau, sometime in the 1990s. In 2000, Epstein had been invited to Windsor Castle to celebrate the queen's birthday. Six months later, Epstein flew to Sandringham, the queen's estate in Norfolk, England, for a party Prince Andrew threw for Ghislaine's thirty-ninth birthday.

The prince had also visited Epstein on several occasions, in Palm Beach as well as in New York. And if allegations Virginia Roberts made in her 2015 declaration are to be believed, Epstein asked her to give the prince whatever he required, then report back with the details.

According to the *Guardian,* Epstein and the prince had partied together at Windsor Castle, in Saint-Tropez, and in Thailand,

HOUSE_OVERSIGHT_022028

where "Andrew was pictured on a yacht surrounded by topless women."

According to Roberts's lawsuit, Epstein had forced her into the prince's bed on Little Saint Jeff's.

After Epstein's conviction, the British press were using another name for Little Saint Jeff's: Sex Island. The *Guardian* reported that the manager of two Virgin Islands–based corporations owned by Epstein happened to be the wife of the governor of the Virgin Islands. There were allegations involving a million-dollar donation that Epstein had made to the governor's reelection campaign. And then there was Roberts's claim that she had been forced to have sex with the prince on the island as well as in New York and in London.

Invariably, the photograph of Prince Andrew with his arm around the bare midriff of a very young-looking Virginia Roberts ran with stories that appeared in the tabloids.

"It is emphatically denied that the Duke of York had any form of sexual contact or relationship" with Roberts, Buckingham Palace spokespersons would say. "The allegations made are false and without any foundation."

The prince's ex-wife, Sarah Ferguson, the Duchess of York, while on a skiing trip with the prince and their daughter Eugenie in Switzerland, told reporters, "He is the greatest man there is. It was the finest moment of my life in 1986 when I married him. He is a great man, the best in the world."

"I won't stand by—because I know what it feels like to have salacious lies made up about you—and not support him so publicly because they are just shockingly accusatory allegations,

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said a former aide to the princ
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Despite all this, the prince had
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Prince Andrew had had his
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which I don't think is right," she said a few days later when interviewed by *Today* host Matt Lauer. "It's a defamation of character, and as a great father and a humongously good man and all the work he does for Britain I won't stand by and let him have his character defamed to this level."

But at the same time, a certain schadenfreude attended the good man's fall from grace, and former associates kept coming out of the woodwork to dish to the press.

"I've seen him treat his staff in a shocking, appalling way," said a former aide to the prince. "He's been incredibly rude to his personal protection officers, literally throwing things on the ground and demanding they 'fucking pick them up.' No social graces at all. Sure, if you're a lady with blond hair and big boobs, then I bet he's utterly charming."

Despite all this, the prince had stuck by Epstein. There was even a photo, frequently trotted out by the tabloids, of the two of them strolling in Central Park.

Some few months before it was taken, a reporter posing as a businessman had secretly taped Sarah Ferguson's demand for five hundred thousand pounds in return for access to the prince.

"If you want to meet him in your business," she'd said then, "look after me, and he'll look after you. You'll get it back tenfold."

"Once again," she said afterward, "my errors have compounded and rebounded and also impacted on the man I admire most in the world: the Duke."

Prince Andrew had had his troubles already—with shady real estate deals, sticky romances, highly embarrassing document dumps (courtesy of Julian Assange and WikiLeaks), and

HOUSE_OVERSIGHT_022030

questionable ties to Tunisian oligarchs, corrupt presidents of former Soviet republics, and Mu'ammar Gadhafi, among other entanglements, many of which were explored in a *Vanity Fair* article headlined THE TROUBLE WITH ANDREW.

"The duke has a record of being loyal to his friends," a "royal source" told *Vanity Fair*'s Edward Klein. "Take his feelings for Sarah Ferguson. If you are a prince and you bring a woman into the royal life and, for whatever reasons, she's spit out, you might have feelings of debt toward her. The duke feels that she's been spattered and rejected. His close relationship with the Duchess of York is problematic, and there have been many problems over the last 5 to 10 years, all of which stem from the duchess. Some of the behavior of the duchess is inconsistent with being married to, or an ex-wife of, the duke. There's no question but that Sarah's been a financially self-destructive element in the duke's life."

"The same kind of loyalty manifested itself last December, when the duke visited Epstein at his home in New York," said a spokesperson for Buckingham Palace. "Epstein was a friend of the duke's for the best part of 20 years. It was the first time in four years that he'd seen Epstein. He now recognizes that the meeting in December was unwise."

"Don't expect to see a photo of the two of them together," another "royal source" would say.

But one more story about the prince's dealings with Jeffrey Epstein had already emerged.

At a dinner party at Epstein's town house, the prince dished about the wedding of his nephew Prince William to Kate Middleton.

"He was amused that his dinner companions were so inter-

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ested in every detail," a guest in attendance told a *New York Post* gossip columnist. "What would Kate wear, what would the Queen wear, would his ex-wife Sarah Ferguson be invited?"

Other guests in attendance that night included Chelsea Handler, George Stephanopoulos, Charlie Rose, Katie Couric, and Woody Allen.

At around the same time, Jeffrey Epstein told the *New York Post,* "I'm not a sexual predator, I'm an 'offender.' It's the difference between a murderer and a person who steals a bagel."

Was it so remarkable that Prince Andrew would have been seen in Epstein's company? Andrew's philandering had been tabloid fodder for years. Randy Andy, they called him in the UK. And in the circles that Jeffrey Epstein moved in, philandering wasn't seen as a vice. Epstein came of age just as industrywide deregulation took hold on Wall Street. Junk bonds were king. Call girls were charging ten thousand dollars a night. And in the shadows, you'd see things that would have made Caligula blush. Sights that would make Nero himself reach for the nearest fire extinguisher. When the urge presented itself, the new super rich didn't have to swap wives.

They could simply swap harems.

By the same token, was it so very strange to think that a man like the prince would have grown so detached from reality—insofar as *reality* is even a word that applies to a prince? Was it odd that he thought it was absolutely fine to be seen by photographers strolling through Central Park with a registered sex offender—when at the time large swaths of the financial, banking, and trading industries were characterized by their very

HOUSE_OVERSIGHT_022032

detachment from day-to-day concerns such as morality, ethics, and appearances?

As for Jeffrey Epstein, one question that might be worth asking is, if he's in fact a narcissist and megalomaniac, could he actually believe that he's *innocent*? Then again, that might be the wrong question. Epstein did plead guilty, after all. But what if he simply doesn't see what he pleaded to as a crime? What if he's *proud* of his lifestyle? And if that's the case, why *wouldn't* Prince Andrew be proud to be seen in public with his dear friend Jeffrey Epstein?

What if, for people like Epstein and the prince, it's just servants and masters, the way of the world? They're natural winners—*aristocrats*, after all—and if life were fair, well, how would we know who the real winners are?

Anna Salter: Novembe

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CHAPTER 59

Anna Salter: November 2015

Why do powerful men do the things that Jeffrey Epstein and Prince Andrew have been accused of doing?

Dr. Anna Salter studies child sex offenders professionally. Educated at Harvard, with a graduate degree in clinical psychology, she spoke, with the benefit of hindsight, about Jeffrey Epstein and others like him from her office in Madison, Wisconsin.

"Consider a car," says Dr. Salter. "There's a motor, and there are brakes. We all have sexual impulses we don't think it would be a good idea to act on. Most of us have good control over our behavior. We have good brakes.

"Sexual offenses and inappropriate sexual behavior are sometimes the result of a bad motor—for example, an attraction to prepubescent children or eleven-to-fourteen-year-old pubescent children as opposed to postpubescent individuals. But they are always the result of bad brakes.

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"Antisocial psychopaths don't have brakes at all."

Dr. Salter has never met Epstein, but she's followed his case closely and finds him a familiar type. She's especially struck by the singular nature of the relationship between powerful, wealthy men and vulnerable, underage women.

"[The men] are more impressive to a fourteen-year-old [girl] than to, say, an adult young woman who is self-supporting and feels more sure of herself," she explains.

"They are attracted to what they call freshness—barely budding sexuality and lack of sexual experience. The difference between them and their victims feeds their ego.

"Great wealth and access are generally factors that make men feel they are entitled to whomever and whatever they want. Some have narcissistic personalities with inflated self-images. And of course, great wealth and status make such men think they can get away with it. Too often, they're right."

On the other hand, Dr. Salter believes that certain conditions, such as the ones exhibited by Jeffrey Epstein, might be an inborn character trait.

Personality can be influenced, sometimes quite heavily, by genetics.

"Virtually no one believes anymore that humans are born a totally blank slate," she explains.

"We arrive with temperamental and personality variations that, of course, the environment can often, but not always, influence. We arrive with baggage."

Is Epstein a born psychopath, then?

"*Psychopathy* is the umbrella term for individuals who do not have a conscience. Pyschopaths are often narcissistic, but narcissists are often not psychopathic. Some individuals who prey

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on young girls delude themselves into thinking that the abuse will not harm the child. They have a conscience, but they have medicated it with thinking errors. Others are flat-out psychopathic and simply don't care if it hurts the young girl or not. I can't say anything about Epstein, as I have not evaluated him, but narcissism and psychopathy are concepts an evaluator would look at concerning anyone who was sexually attracted to postpubescent individuals but who then began to focus on younger teens.

"Psychopaths are often superficially charming, high-stimulus seekers who are bored if not doing something. They lie, con, and manipulate. They do not establish deep affective ties.

"They are callous and remorseless individuals who simply don't feel bad about harming someone.

"Rules don't apply to them because they are exceptional. They are sure they won't get caught."

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CHAPTER 60

Jeffrey Epstein: July 2010

Jeffrey Epstein was done with jail, but he wasn't done settling suits brought by his victims. Under the conditions of his non-prosecution agreement, he's even paid for the victims' lawyers. Still, Epstein's NPA seemed to ensure that he would not be prosecuted again for his crimes. Double jeopardy was working in Epstein's favor. But in July of 2010, reports began to appear in the press: federal investigators were following other leads—leads that could result in child-trafficking charges and a twenty-year sentence.

The Florida attorney general's office refused to comment. It was against policy to confirm or deny the existence of an ongoing investigation. One of Epstein's lawyers told the *Daily Beast* that he had no knowledge of such an investigation. "Jeffrey Epstein has fully complied with all state and federal requirements that arise from the prior proceedings in Palm Beach," Jack

Goldberger said. "There
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CHAPTER 60

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of such an investigation. "Jeffrey
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or proceedings in Palm Beach," Jack

Goldberger said. "There are no pending civil lawsuits. There are not and should not be any pending investigations, given Mr. Epstein's complete fulfillment of all the terms of his non-prosecution agreement with the federal government."

If there was an investigation, nothing had come of it yet. For the moment, Epstein was free—free to turn his attention, again, to intellectual pursuits. He launched a website, JeffreyEpsteinScience.com, that featured blog posts such as "Conversations with Jeffrey Epstein," "The Value of Quantum Computation to Jeffrey Epstein," "Why Evolutionary Biology Intrigues Jeffrey Epstein," and "An Understanding of Theoretical Physics from Jeffrey Epstein." The latter post began: "This is where Jeffrey Epstein takes you to the very cutting edge of the frontiers of knowledge to explore and discuss our basic understanding of the subtle, simple, and hidden [qualities] that lie beneath . . . our universe."

"Jeffrey doesn't know shit about science," says Stuart Pivar, the art collector who has known Epstein for more than three decades. "Does he like to act like he does? Yes. But he doesn't. But as far as these academic scientists—without people like him they wouldn't have any money."

Other friends of Epstein's say that he truly did have a brilliant mind for science. And in any case, Epstein had done more than sponsor individual scientists. He'd also sponsored conferences on Little Saint Jeff's. On his website, he announced a conference called Mindshift at which Nobel laureates, such as the theoretical physicist Murray Gell-Mann, would mix with surgeons, engineers, and futurists and where professors would

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discuss cognitive neuroscience, artificial intelligence, systems of encryption and decryption, and other topics.

Epstein had been hosting get-togethers like this for years. Toward the end of Chief Reiter's investigation, in March of 2006, Epstein had hosted twenty top physicists—including three Nobel Prize winners as well as the celebrity physicist Stephen Hawking—at a Saint Thomas symposium called "Confronting Gravity," which was advertised as "a workshop to explore fundamental questions in physics and cosmology."

"This is a remarkable group," one of the Nobel Prize winners told a reporter for the *St. Thomas Source*.

"There is no agenda except fun and physics, and that's fun with a capital F," Epstein said.

Epstein had been especially interested in Stephen Hawking. Someday, Hawking had theorized, the universe would stop expanding and collapse, at which point time would begin to run backwards. Hawking believed that computer viruses were living things. He thought that given the size of the universe, alien life forms existed. He did not believe in God. But he had a vast appreciation for the inner workings of the universe, and this is why Epstein gave Hawking a tremendous gift. He paid to have a submarine modified so that it could fit Hawking and his wheelchair and give the scientist his first glimpse of an actual alien world—the one that lies under the waves of the ocean.

It was one of the most romantic, generous gestures that Jeffrey Epstein had ever made.

Al Seckel: January 201

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CHAPTER 61

Al Seckel: January 2012

Epstein's partner in the Mindshift conference, a man named Al Seckel, was known for throwing fabulous parties that were said to have included the actor Dudley Moore, magician James "the Amazing" Randi, and future Tesla and SpaceX founder Elon Musk, as well as many of the scientists Jeffrey Epstein would court in the course of his own climb up the social ladder.

In certain Los Angeles circles, Al Seckel was a very good man to know. But, like Jeffrey Epstein, Seckel was a sort of illusionist. According to Mark Oppenheimer, a journalist who knew Seckel and followed his career for fifteen years, Seckel made his money by selling rare books and papers, often through his social and academic connections.

"A number of these transactions resulted in accusations and lawsuits," Oppenheimer would write. "In speaking to former

HOUSE_OVERSIGHT_022040

Seckel acquaintances, I kept hearing variations on a scheme Mrs. Pearce Williams believed he perpetrated against her late husband, the man Seckel said was his mentor. Seckel took books and promised money, or he took money and promised a book; but somehow, the promised party lost money."

"He was charming, erudite, humorous," one of Seckel's marks told the reporter. "I lent him $75,000. When the time came to pay it back he didn't want to do it."

Oppenheimer found several people whom Seckel had stiffed and uncovered dozens of lawsuits he'd been involved in. In 2007, Seckel settled a libel lawsuit against a man who'd edited his *Wikipedia* page. Years later, Oppenheimer spoke with Seckel's lawyer, Nicholas Hornberger.

"Hornberger confirmed that he'd reached a settlement for the case, a favorable one," the journalist wrote. "Hornberger added that Seckel has still not paid him for his services."

He also interviewed Seckel's wife, Isabel Maxwell.

Al and Isabel met on a blind date and married in Malibu in or "around" 2007 ("I don't keep the dates in my head," Seckel explained). A few years later, they moved to the South of France, where Seckel continued to trade in rare books and papers. While living in France, he was sued by a Virgin Islands company that accused him and Isabel of fraudulently attempting to sell rare books and a seventeenth-century portrait of Isaac Newton.

Seckel had also been trying to sell papers belonging to Isabel's father.

Isabel is Ghislaine Maxwell's sister and the daughter of Robert Maxwell.

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It was an odd thing, Epstein's association with this self-professed PhD who, on closer inspection, turned out to be a bit of a grifter. But the Mindshift conference that Epstein and Seckel hosted in the Virgin Islands did take place, in 2010. Murray Gell-Mann was there, along with Leonard Mlodinow, a physicist who coauthored books with Stephen Hawking. Gerald Sussman, an expert on artificial intelligence who taught at MIT and also attended the conference, said that he didn't remember too much about it.

"We had scientific discussions, talked about various things," he said vaguely.

When Mark Oppenheimer asked him if he'd given money to Seckel, Sussman "got testy" with the reporter.

"I have had some dealings with him," Sussman said. "I don't want to say what it's about, because I don't feel good about it, okay?"

Today, Epstein's websites—JeffreyEpsteinFoundation.com and JeffreyEpsteinScience.com—are down. Their domain names have long since expired. Several recipients of Epstein's charitable contributions, including New York's Mount Sinai Hospital and Ballet Palm Beach, announced that they would not be accepting new gifts.

"The further I can keep myself from anything like that the better," said Ballet Palm Beach founder Colleen Smith.

But in 2012, Epstein held one more conference on Little Saint Jeff's. Once again, three Nobel Prize winners were in attendance. Stephen Hawking was also there. All in all, Epstein had gathered twenty-one physicists—from Princeton, Harvard, MIT, and CERN

HOUSE_OVERSIGHT_022042

(the European Organization for Nuclear Research)—to "determine what the consensus is, if any, for defining gravity."

According to a press release issued by Epstein's foundation, the consensus that did emerge was that space is "not quite empty."

Jeffrey Epstein: Februar

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CHAPTER 62

Jeffrey Epstein: February 2, 2011

It's Groundhog Day, and once-reclusive Jeffrey Epstein is hitting the peak of his fame in a ripped-from-the-headlines episode of *Law & Order: SVU* that tracks, eerily well, with his own legal history.

The setup for this episode is the rape of a very young French girl. One who's been flown to New York on a very rich man's private jet, then flown back—coach class—to Paris.

On the plane, she has a freak-out. She thinks the middle-aged guy sitting next to her is trying to rape her. In Paris, the local police get involved.

"It was just a birthday party," the tearful girl tells the SVU cops via videoconference from France. "We were his present."

The cops ask: Whose present?

"The billionaire. The one who owns the jet."

Does the French girl know his name?

HOUSE_OVERSIGHT_022044

"Jordan. He wanted a massage. But I had to take off my clothes. He climbed on top of me. It hurt. I started to bleed, and it wouldn't stop. The doctor came."

"Dominique," the cops say. "We're going to arrest this man. But we need you to return to New York so you can testify."

"Non," says the girl. *"Non! Jamais! Jamais!"*

For Epstein, there are other embarrassments, many of which have to do with his royal friends. The wedding of Prince William and Kate Middleton is approaching, and the ongoing troubles of Prince William's uncle Prince Andrew keep threatening to derail the festivities. On March 6, a spokesperson for Sarah Ferguson confirms that Epstein paid off part of the seventy-eight thousand pounds that the duchess borrowed from a man who was once her personal assistant.

The next day, headlines appear in the *Telegraph* and other British papers: DUKE OF YORK "APPEALED TO JEFFREY EPSTEIN TO HELP DUCHESS PAY DEBT."

"I personally, on behalf of myself, deeply regret that Jeffrey Epstein became involved in any way with me," Prince Andrew's ex-wife tells journalists. "I abhor paedophilia and any sexual abuse of children and know that this was a gigantic error of judgment on my behalf.

"I am just so contrite I cannot say. Whenever I can I will repay the money and will have nothing ever to do with Jeffrey Epstein ever again."

That week, as part of the ongoing civil lawsuits against Epstein, Sarah Kellen and Nadia Marcinkova are both asked about Prince Andrew's relations with Epstein.

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"On the instructions of
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"Have you ever been m
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Nadia Marcinkova are both asked
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"Would you agree with me that Prince Andrew and Jeffrey Epstein used to share underaged girls for sexual relations?" Kellen is asked.

"On the instructions of my lawyer," Kellen replies, "I must invoke my Fifth Amendment privilege."

"Have you ever been made to perform sexually on Prince Andrew?" lawyers ask Marcinkova.

"Fifth" is Nadia's simple, succinct reply.

That same week, the government downgrades Prince Andrew's role as Great Britain's royal trade envoy. But the British press is tenacious, and in the *Telegraph*, the *Guardian*, and elsewhere, stories appear on a daily basis:

- *The Duke, His Paedophile Guest, and the Most Unusual Use of an RAF Base*
- *Andrew's Secret Love Life Revealed*
- *Royal Connections: Prince Andrew and the Paedophile Are Suddenly the Talk of New York*
- *Time to Show This Right Royal Clown the Door*
- *An Odd Trio: The Royal Trade Envoy, the Teenage Masseuse and the Fixer*
- *No. 10 Struggles to Contain Row Over Prince*
- *From Royal Asset to National Liability*
- *Royal Blush*
- *Duke Could Be Called to Two Epstein Trials*
- *It's the Company You Keep... The Duke's Dangerous Liaisons*
- *Nothing Grand About This Old Duke of York*
- *The Royal Family Has Feared a Blow-Up Over Duke's Choice of Friends For Years*
- *Our Less-Than-Grand Old Duke of York*

HOUSE_OVERSIGHT_022046

On March 11, a devastating undersea earthquake and tsunami move Japan's main island by several feet, shifting the earth on its axis. The destruction is horrific and unprecedented. But on March 13, the *Daily Mail* devotes four pages and seven separate articles to Prince Andrew. That same day, the *Telegraph* runs three pieces, and the *Sunday Times* runs a two-page spread headlined GUN SMUGGLER BOASTS OF SWAY OVER ANDREW.

On March 14, the *Guardian* runs one more piece about Andrew's troubles.

PRINCE ANDREW DOMINATES HEADLINES DESPITE THE EARTHQUAKE, the headline reads.

Alan Dershowitz: Septen

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CHAPTER 63

Alan Dershowitz: September 2014

If the ongoing lawsuits are costing Epstein millions, he has millions left to spare. Meanwhile, the FBI's investigation into whether Epstein trafficked underage women across state lines seems to be going nowhere. As 2014 draws to a close, it's beginning to look as if Epstein is finally free and clear of the case.

But for Epstein's friend and sometime lawyer Alan Dershowitz, things are about to get very unpleasant.

At the start of 2008, Bradley Edwards, the Fort Lauderdale lawyer, had filed a motion in a West Palm Beach court on behalf of two unnamed women accusing Prince Andrew and Alan Dershowitz of participating directly in Epstein's illegal activities.

Prince Andrew had had no comment to make, and Dershowitz had objected to the accusations in the strongest possible terms.

"There's absolutely no kernel of truth to this story," he'd said.

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"I don't know this woman. I've never been in the same place with her. She's made the whole story up out of whole cloth."

Bradley Edwards had already become involved in lawsuits against Epstein. In 2007, working with a former federal judge and University of Utah law professor named Paul Cassell, he had filed a lawsuit on behalf of another unnamed woman. Six years later, that case is still pending, and now, Edwards and Cassell petition to have the two suits combined.

All in all, four Jane Does take part in the lawsuit.

Jane Doe 3 is Virginia Roberts, the girl who says that Ghislaine Maxwell recruited her for Epstein at Trump's resort, Mar-a-Lago.

Epstein had "lent" her and other young girls to prominent businessmen, important politicians, world leaders, and other powerful men in order "to ingratiate himself with them for business, personal, political, and financial gain, as well as to obtain blackmail information," Roberts claims.

She says that Epstein forced her and other underage girls to take part in an orgy in the Virgin Islands.

She names Prince Andrew and Alan Dershowitz as two of the men she'd been forced to have sex with and claims that Dershowitz had been "an eyewitness to the sexual abuse of many other minors by Epstein and several of Epstein's co-conspirators."

This time, Prince Andrew does respond to the allegations.

"This relates to longstanding and ongoing civil proceedings in the United States, to which the Duke of York is not a party," Buckingham Palace says in a short statement. "As such we would not comment on the detail. However, for the avoidance of doubt, any suggestion of impropriety with underage minors is categorically untrue."

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Alan Dershowitz also goes on the attack. Virginia's claims are part of a plot to extort him, he claims. The motion that Edwards and Cassell have filed is "the sleaziest legal document" he's ever seen.

"They manipulated a young, suggestible woman who was interested in money," Dershowitz says. "This is a disbarrable offense, and they will be disbarred. They will rue the day they ever made this false charge against me." It's a vehement denial. But then, the allegations made by Virginia Roberts, on January 15, 2015, in a declaration filed against the government in an attempt to overturn Jeffrey Epstein's non-prosecution agreement, are highly disturbing.

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CHAPTER 64

Declaration of Virginia Roberts Giuffre, filed on January 19, 2015 by attorneys representing Jeffrey Epstein's victims (continued)

20. Harvard law professor Alan Dershowitz was around Epstein frequently. Dershowitz was so comfortable with the sex [that] was going on that on one occasion he observed me in sexual activity with Epstein.

21. I had sexual intercourse with Dershowitz at least six times. The first time was when I was about 16, early on in my servitude to Epstein, and it continued until I was 19.

22. The first time we had sex took place in New York in Epstein's home. It was in Epstein's room (not the massage room). I was approximately sixteen years old at the time. I called Dershowitz "Alan." I knew he was a famous professor.

23. The second time that I had sex with Dershowitz was at Epstein's house in Palm Beach.

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Ranch in New Mexico i
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25. We also had se
U.S. Virgin Islands.

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CHAPTER 64

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Beach.

24. I also had sex with Dershowitz at Epstein's Zorro Ranch in New Mexico in the massage room off of the indoor pool area, which was still being painted.

25. We also had sex at Little Saint James Island in the U.S. Virgin Islands.

26. Another sexual encounter between me and Dershowitz happened on Epstein's airplane. Another girl was present on the plane with us.

27. I have recently seen Alan Dershowitz on television calling me a "liar." He is lying by denying that he had sex with me. The man I've seen on television, described as a former law professor, is the same man that I had sex with at least six times. Dershowitz also knows that Epstein had sex with other underage girls and lent me out to other people, but he is lying and denying that....

28. After years of abuse and being lent out, I began to look for a way to escape. I had first gone into Epstein's household because I wanted to be a massage therapist. Epstein had taken me into his clutches through promises and talk and for some time I believed him. But once he had me under his control, regardless of my doubts and fears, I felt trapped.

29. I kept asking Epstein for my promised training and education. Epstein finally got me a plane ticket to Thailand to go to Chiang Mai to learn Thai massage. This sounded like my chance to escape. In September 2002, I packed my bags for good. I knew this would be my only opportunity to break away.

30. On September 27, 2002, I flew from JFK in New York to Chiang Mai, Thailand. I arrived around September 29 for my training. But Epstein was going to get something out of

HOUSE_OVERSIGHT_022052

this trip as well. I was supposed to interview a girl and bring her back to the United States for Epstein.

31. [Left blank in the original]

32. I did the massage training in Chiang Mai. While I was there, I met a great and special guy and told him honestly what I was being forced to do. He told me I should get out of it. I told him that the people I was working for were very powerful and that I could not walk away or disobey them without risking serious punishment, including my life. He told me he would protect me. I had confidence [in] him and I saw his love and help as my opportunity to escape and to be with someone who truly loved me and would protect me. I married him and flew to Australia.

33. I called Epstein and told him I was not coming back. He asked why? I said "I've fallen in love." Epstein basically said "good luck and have a good life." I could tell he was not happy. I was afraid of what he was going to do to me. I thought he or one of his powerful friends might send someone to hurt me or have me killed.

34. From that point onward, out of concern for my safety and general well-being, I stayed in Australia with my husband. I was in Australia from late 2002 to October 2013. To be clear, I was never in the United States during these years, not even for a short trip to visit my mother. And my absence from the United States was not voluntary—I was hiding from Epstein out of fear of what he would do to me if I returned to the United States.

35. In around 2007, after not hearing from anyone for years, out of the blue I was contacted by someone who identified himself with a plain sounding name and claimed he was

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who this person was and
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visit my mother. And my absence
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unding name and claimed he was

with the FBI. It seemed very odd for someone doing an official criminal investigation to just call up on the phone like that. I hadn't heard Epstein's name for years. I didn't know who this person was and what it was really about. I couldn't tell what was going on.

36. This man said he was looking into Jeffrey Epstein. The man asked if I had been involved with Epstein. My first instinct was to say nothing because I wasn't sure he was really with the FBI or any authorities. I answered a few basic questions, telling him that I knew Jeffrey Epstein and had met him at a young age. But the conversation didn't feel right. This man never offered to come and meet with me in person. Instead, he asked me right off the bat about Epstein's sexual practices. I thought it would be strange for a true law enforcement officer to behave that way, so I became increasingly uncomfortable and suspicious about who was actually calling me.

37. I told the man nothing more about Epstein. The conversation probably didn't even last three minutes, but it immediately triggered all of the fears of Epstein and his powerful friends that had caused me to escape in the first place. If the call accomplished anything, it only put me back in a state of fear and told me that I could be found quite easily and had nobody officially protecting me.

38. I suspected that the man who called me was working for Epstein or one of Epstein's powerful friends. I believed that if this was really an agent who was investigating Epstein, he would have known who I was and how I fit into Epstein's sexual crimes in many different places. He would have interviewed me in a way that would have established his credentials

HOUSE_OVERSIGHT_022054

and would have shown how he could provide potential protection from Epstein. That never happened.

39. Getting a call from this supposed FBI agent made me scared all over again. I had left the old life of sexual slavery behind me and started a new life in a new country in hopes that the powerful people whose illegal activities I knew all about would never find me.

40. Shortly after this purported FBI call, I was contacted by telephone by someone who appeared clearly to be working for Epstein. The caller told me about an investigation into Epstein and said that some of the girls being questioned were saying that Epstein had had sexual contact with them. After they made these allegations, the man said they were being discredited as drug addicts and prostitutes, but in my case, if I were to keep quiet, I would "be looked after." The fact that this call was made shortly after the supposed FBI call reinfor[c]ed my concern that the man I had talked to earlier was not really working for the FBI but for Epstein. I didn't think that the FBI and Epstein would both be working together and would both get my phone number at almost exactly the same time. I played along and told this person that I had gotten a call from the "FBI" but that I didn't tell him anything. The person on the phone was pleased to hear [that].

41. A short time later, one of Epstein's lawyers (not Alan Dershowitz) called me, and then got Epstein on the line at the same time. Epstein and his lawyer basically asked again if I was going to say anything. The clear implication was that I should not. The way they were talking to me, I was afraid of what would happen if I didn't keep quiet. My thought was

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that if I didn't say what they wanted me to say, or not to say, I might get hurt.

42. I promised Epstein and his lawyer that I would keep quiet. They seemed happy with that and that seemed to me to [be the] way to keep me and my family safe. And I did what Epstein and his lawyer told me. I kept quiet.

This declaration, stricken from the record by the judge in the victims' lawsuit against the government, also set in motion events that led to Dershowitz's and Roberts's lawyers becoming involved in spectacular lawsuits, which included a complaint by Dershowitz that these allegations were false and had defamed him, and a complaint by Edwards that Dershowitz's accusations against him were false and defamatory.

HOUSE_OVERSIGHT_022056

CHAPTER 65

Alan Dershowitz: October 2015

About fifteen minutes into the ripped-from-the-headlines episode of *Law & Order: SVU* that was inspired by the Jeffrey Epstein saga, the plot takes an interesting turn: before officers have a chance to arrest him, Jordan, the character modeled on Epstein, shows up at SVU headquarters.

The twelve-year-old French girl raped *him,* Jordan says.

Wearing a monogrammed fleece pullover like the ones favored by Jeffrey Epstein, he describes an evening at home.

"The party was in full swing," he explains. "A friend said she wanted to give me a *special* present. Told me to wait in my massage room—"

An SVU guy interrupts: "Guy has a massage room?"

"I suffer from chronic back pain," Jordan says.

"While I was waiting, I fell asleep. Now, at first I thought I must be dreaming. I was aroused. I felt myself being manually

manipulated. Then I reme
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eyes."

"What did you see?"

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CHAPTER 20

Jeffrey Epstein: 1953–1969

Jeffrey Epstein's mother, Paula, was the daughter of Max and Lena Stolofsky, who arrived in the United States as Lithuanian refugees. Relatives on that side of the family who remained in the old country would all perish in the course of Adolf Hitler's campaign to exterminate European Jewry.

Epstein's father, Seymour, was a manual laborer, like his father before him. Seymour's parents, Julius and Bessie Epstein, had emigrated from Russia and landed in Brooklyn, both of them with eighth-grade educations. They lived in Crown Heights, where Julius owned a house-wrecking company.

Before landing a job with the city, Seymour had worked with his father.

They were kind people, says Epstein's childhood friend Gary Grossberg. Seymour was there for him at a difficult time, Grossberg says. When Grossberg was young, his parents divorced, and

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his father moved out of Brooklyn. Seymour and Paula took Gary in. Often they referred to him as their third son. "Paula was a wonderful mother and homemaker," Grossberg remembers, "despite the fact that she had a full-time job."

Epstein, as a kid, was "chubby, with curly hair and a high, 'hee-hee' kind of laugh," Beverly Donatelli recalls.* Beverly was two years older than Epstein, but thanks to his precocious talents, which allowed him to skip two grades, they graduated from Brooklyn's Lafayette High School together, in 1969.

"He was *advanced*," Beverly remembers. "He tutored my girlfriend and myself in the summer. He taught me geometry in *just two months*."

When Beverly thinks of Epstein now, she recalls gentler times—long strolls down the Coney Island boardwalk, roller-coaster rides, stolen kisses. "That last year in school, I think he kind of loved me," she says. "One night on the beach he kissed me. In fact, our history teacher made up a mock wedding invitation for Jeffrey and myself to show to the class. That seems pretty inappropriate now. But back then, we all thought it was funny. Jews and the Italians, that was pretty much who went to Lafayette High School. They didn't socialize that much. And though my mother was crazy about him, she told me Jewish boys don't marry Italians."

Through the haze of several decades, Beverly remembers Epstein as a kindhearted boy and something of a prodigy—a gifted young pianist as well as a math whiz.

"I was talking to my girlfriends the other day," she says.

* Beverly Donatelli's name, some identifying details, and dialogue have been changed.

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"There is nothing but nice we can say about him. He is actually the reason I went to college."

Beverly lost contact with Epstein over the years. But not long after Epstein's fiftieth birthday, she got a call out of the blue.

"He had a photo of us on the beach," she says. "A friend noticed it at his birthday party. And Jeffrey said to the friend: 'I bet she has a big ass now.' So Jeffrey called me and invited me to his home on 71st Street. We hung out. We reminisced. He was the same Jeffrey. A gentleman."

The two never did speak again, but to this day Beverly sympathizes with her high school sweetheart.

"I feel so bad for him," Beverly says. "That's how much I liked him."

Gary Grossberg was a year younger than Epstein and in the same class as Epstein's kid brother, Mark, with whom Grossberg remains very friendly, though he hasn't seen or spoken with Jeffrey in some time. Both brothers are good people, he says.

"Jeffrey's a brilliant and good person. He is also incredibly generous."

Grossberg says he's talked to Epstein about "the problem in Florida." As he sees it, Epstein "got carried away . . . perhaps he was hanging around with the wrong people."

Grossberg wonders, too, if the things that made Epstein special contributed to his eventual fall from grace.

"He was a diamond in the rough, you see," Grossberg explains. "People recognized Jeffrey's brilliance very early on. But he had a gift for recognizing opportunities very quickly. He started buying

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properties in Manhattan, including 301 East 66th Street. He asked his brother—did Mark want to join him? He did."

Grossberg himself has had his ups and downs. At one point, he worked in a building owned by the Epstein brothers. There, he says, a porter told him a story about a little-known side of Jeffrey Epstein. The porter's wife, who lived in South America, desperately needed an organ transplant. Epstein paid for the operation.

"That's just typical," Grossberg says. "That's who he always was, long as I knew him."

"Lafayette was a city school," says another old classmate, James Rosen. "It was functional. There was nothing special about it."

James Rosen is a retired postal worker. He lives in South Florida now, but, like Jeffrey Epstein, he'd grown up in Sea Gate.

"There was a lot of volatility at Lafayette," Rosen recalls. "It was a blue-collar area that was, at one time, 90 percent Italian. Then a small amount of Jews moved in, and there was anti-Semitism. The Italians didn't want the Jews to be there."

Black families were moving in, too, he remembers, and Hispanic ones. But he says most of the animosity was aimed at Jews.

"There were fights in the schools. They thought we were going to take over."

But Epstein seems to have made friends easily. Even then, his buddies—who called him Eppy—could see he was special. While they hung out on the beach, Epstein played the piano. Did homework. Worked on his prized stamp collection.

Innocent times.

Jeffrey Epstein: 19

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CHAPTER 21

Jeffrey Epstein: 1969–1976

It's the height of the Vietnam War. Students collide with college administrators. Hippies collide with hard hats. Kids with long hair collide with their parents. Jeffrey Epstein does not go in for any of that. At the age of sixteen, he's taking advanced math classes at Cooper Union, an august institution in the East Village where Abraham Lincoln once spoke.

Thanks to a generous endowment, the school is tuition-free, though the application process is famously rigorous.

Epstein sails through it.

At Harvard or Yale, his accent would give him away. Epstein *tawks* like the Brooklyn boy he is. But Cooper Union is more open than any Ivy League school. It's full of boys from Brooklyn, and, aside from his prodigious intellect, Epstein doesn't stand out. He starts to make money by tutoring his fellow students. And in 1971, he leaves Cooper Union for the greener pastures of New York

HOUSE_OVERSIGHT_022062

University, located a few blocks away. There, at the Courant Institute of Mathematical Sciences, he studies the mathematical physiology of the heart. But he never graduates from any college or university.

By 1973, Epstein is teaching at the Dalton School, a prestigious private school on the Upper East Side. Like Tavern on the Green, Grand Central Terminal, and the Century Association, Dalton is a New York institution—an elite K–12 rocket ship built for the children of New York's ruling classes.

It's not at all clear how Epstein, who has no college degree, ends up there.

And yet here he is, barely out of his teens and already a teacher of math and physics. "Go forth unafraid" is the Dalton School's credo.

It's a philosophy Epstein has adopted. For him, Dalton's an excellent launching pad.

It's nothing like Lafayette High School. The kids he's teaching are rich—very rich. Their parents are extremely well connected. And despite Epstein's outer-borough accent, he's careful in his presentation. At any given moment, he's one parent-teacher conference away from a whole new world of possibilities.

Because Dalton has an excellent student-to-teacher ratio, the parents get to know Epstein quite well. Before long, a Wall Street *macher* named Alan "Ace" Greenberg has taken a special shine to the young man who's been tutoring his son Ted.

Like Epstein, Ace Greenberg came from a humble background.

The son of an Oklahoma City shopkeeper, he won a football scholarship to the University of Oklahoma, transferred to the

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University of Missouri following a back injury, and graduated in 1949. That same year, he moved to New York and, after a series of rejections at white-shoe firms—places that never would hire a Jew—landed a job at Bear Stearns, earning $32.50 a week as a clerk.

By 1958, he'd been made a full partner. Built like a pit bull, Greenberg smoked cigars, performed coin tricks for his friends, and always dressed in a bow tie. He was an all-elbows trader—gruff, cheap, and, above all, impatient. He was also a champion bridge player, a hunter of big game in Africa, and the firm but loyal leader of the team he'd built at Bear Stearns—an unusual team made up mostly of men who'd grown up in New York's outer boroughs.

Greenberg didn't care about MBAs or Ivy League diplomas. What he cared about was raw talent and drive. Greenberg cultivated risk takers, unconventional thinkers, and he looked high (and especially low) for his "PSDs": men who, in his estimation, were poor, smart, and, above all, determined.

Jeffrey Epstein, the Dalton School teacher, fit Greenberg's bill perfectly.

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CHAPTER 22

Jeffrey Epstein: 1976–1981

According to several published reports, it was Ace Greenberg's son, Ted, who introduced Epstein to Greenberg. But other sources say Greenberg's daughter, Lynne, was dating Epstein at the time. According to them, *that* was how Epstein got into Bear Stearns—by charming a young and beautiful woman and using her to advance his career.

At Bear Stearns, Epstein started as an assistant to a trader on the American Stock Exchange and quickly worked up to junior partner, which meant that he was entitled to a share of the profits. Still in his twenties, he was running with the bulls, kicking down any doors that stood in his way.

The view from Ace Greenberg's office, high above Madison Avenue in midtown, was striking. At night, the whole city was lit up like a stage set.

It was Epstein's city now, to win or to lose. And there were

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CHAPTER 22

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Greenberg's gorgeous assistant was one of these women.

If Greenberg knew about their affair, he did not seem to care. Then again, Greenberg had other things on his mind. The Reagan era, when deregulation kicked into high gear, was still on the horizon. But there was already a decreasing amount of government oversight on Wall Street, and a new breed of bare-knuckle traders had begun to push every available limit. It was the start of the age of corporate raiders, and with Ace Greenberg looking out for him, Epstein had no reservations when it came to throwing his weight around. The golden boy's gift for working the numbers earned him a place in the special-products division, where he worked on extremely complex tax-related problems for a select group of Bear Stearns's wealthiest clients—an elite within the elite—including Seagram CEO Edgar Bronfman.

In the spring of 1981 Bronfman made a bid to take over the St. Joe Minerals Corporation. He offered forty-five dollars a share, or close to three times the value of St. Joe's stock. The whole offer amounted to $2.1 billion in cash.

But St. Joe's executives didn't want to sell their 118-year-old company. In a press release, they called Seagram's bid unsolicited and dismissed it as "grossly inadequate." At which point the SEC decided to investigate.

There were allegations of insider trading. Within a few weeks, Bear Stearns's employees were called in to testify.

Epstein got called in as well and categorically denied any wrongdoing.

But, as it turned out, he'd just resigned from Bear Stearns.

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CHAPTER 23

Jeffrey Epstein: 1981

Epstein will always maintain that his resignation had nothing to do with the SEC's investigation into Bear Stearns and Edgar Bronfman's ill-fated attempt to take over St. Joe's.

But of course this raises the question: Why *did* Epstein resign from Bear Stearns?

In his testimony before the SEC, Epstein says he was offended by the company's investigation of a twenty-thousand-dollar loan he'd made to his friend Warren Eisenstein. Epstein didn't know it at the time, he maintains, but if used to buy stock, such a loan might have been unethical, if not illegal.

On top of that, questions about Epstein's expenses had come up.

In the end, Bear Stearns fined him $2,500—an embarrassing thing, to be sure. So much for making full partner anytime soon.

But $2,500 is not $250,000 or even $25,000. Who'd give up a job as junior partner over that?

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CHAPTER 23

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Another one of Epstein's bosses, James "Jimmy" Cayne, will say, "Jeffrey Epstein left Bear of his own volition." Epstein wanted to strike out on his own, Cayne explains. But given the timing, some questions remain. Then there's Epstein's own testimony, given on April 1, 1981, before SEC investigators Jonathan Harris and Robert Blackburn:

Q: Sir, are you aware that certain rumors may have been circulating around your firm in connection with your reasons for leaving the firm?
A: I'm aware that there were many rumors.
Q: What rumors have you heard?
A: Nothing to do with St. Joe.
Q: Can you relate what you heard?
A: It was having to do with an illicit affair with a secretary.

As far as the investigators are concerned, this is new information; the first time a secretary's name has come up. But they have no interest in Epstein's office romance and press on:

Q: Mr. Epstein, did anyone at Bear Stearns tell you in words or substance that you should not divulge anything about St. Joe Minerals to the staff of the Securities and Exchange Commission? Has anyone indicated to you in any way, either directly or indirectly, in words or substance, that your compensation for this past year or any future monies coming to you from Bear Stearns will be contingent upon your not divulging information to the Securities and Exchange Commission?
A: No.

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* * *

Whatever the reasons for his resignation, Epstein still gets his annual bonus of around $100,000 (roughly $275,000 in today's dollars). The SEC never brings charges against him or any other Bear Stearns employee. And so the particulars of Epstein's departure get folded up into the greater mystery surrounding the man. Did Epstein crash the rocket ship that Ace Greenberg had given him to pilot? Or did he take it and fly it out, over the horizon?

Either way, Epstein was out on his own.

For him, the future would only get brighter.

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CHAPTER 24

Ana Obregón: 1982

Ana Obregón was one of the world's most beautiful women and well on her way to becoming famous as such when she first met Jeffrey Epstein. For her, there would be film roles—in the 1984 Bo Derek vehicle *Bolero,* Ana Obregón gives the star a run for her money—and appearances on the covers of Spanish *Playboy* and Spanish *Vanity Fair.*

As for fortune, Obregón had that already.

Ana's father was a very wealthy investor in Spain. But he also had serious problems. On June 15, 1982, a venerable stock- and bond-trading firm, the Drysdale Securities Corporation, announced that it was going out of business. Just that year, Drysdale had spun off a subsidiary operation called Drysdale Government Securities. And in May, DGS defaulted on $160 million in interest payments it owed on Treasury securities that it had borrowed. In doing so, DGS had dragged down its parent company.

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A very well-connected group of Spanish families—including members of Spain's royal family—had invested with Drysdale. Those investors stood to lose hundreds of millions of dollars. And Ana's father was one of those investors.

What Ana wanted from Jeffrey Epstein was help in recovering her father's money.

"My father, he's done something stupid," she told him.

A Spanish accent. A Brooklyn accent. They blended well together, and Ana was so very lovely.

It turned out that Epstein was willing to help.

"Something stupid, you see, with the money. The family money. Some—what do you call it? A scheme. He knew some of the people, but they lied to him. And now the money is gone."

People who knew Jeffrey Epstein recall that he was bad off after his exit or ouster—whatever it was—from Bear Stearns. Moving from couch to couch for a while. Sleeping in his lawyer's offices before settling down in an apartment in the Solow Tower, on East 66th Street.

It's a bit hard to believe. After all, Epstein left Bear Stearns with a good deal of money. But Epstein's lifestyle was expensive. He was a man on the make then, and Ana was still in her twenties, plying her craft at the Actors Studio—the New York City theater institution that Marlon Brando, Robert De Niro, Jack Nicholson, and Jane Fonda had all been members of.

Epstein told Ana that he'd formed a company, International Assets Group.

To Ana, this sounded very impressive. In fact, IAG was a small operation that Epstein was running out of his apartment.

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But if Ana had known that, would she have cared? She could already see that Epstein was brilliant. And though she would maintain that their friendship was strictly platonic, it was Ana who helped set Epstein on his course. Like other beautiful women he'd cultivate throughout his life, she opened doors to whole other kingdoms.

Ones that no boys from Brooklyn had even dreamed of.

Andrew Levander was an assistant US attorney in the Southern District of New York's Securities and Commodities Fraud Task Force. He was assigned to look into Drysdale's collapse. The case he was building would result in fraud convictions for a number of Drysdale executives, and even today, Levander remembers Epstein bringing "a very attractive woman" to meet him when Epstein came to him in the course of the investigation.

The woman was Ana Obregón.

Levander told Ana that he was already working the case. A lawyer named Robert Gold, who was a former federal prosecutor himself, was assisting. And now Epstein would join them in the hunt for the monies.

In effect, DGS had built a series of labyrinths, rabbit holes, deadfalls. And even investors who'd lost vast sums to the company were less than forthcoming when it came to speaking to the US attorney. Several of the investors were foreign. Some had violated their own countries' laws pertaining to foreign investments.

This was where Epstein—with his calm, confident air of discretion—came in.

Ana Obregón gave Epstein power of attorney over any monies

HOUSE_OVERSIGHT_022072

that he recovered. And though it took him three years, working with Robert Gold and the US attorney's office, Epstein finally did make his way to the center of DGS's maze and recover Obregón's money.

Most of it was being held in a bank in the Cayman Islands.

Epstein's agreement with Ana prevents us from knowing how much he recovered—and how much he kept. But given the amounts at stake, Epstein likely earned millions—or more—and to this day Ana Obregón has nothing but appreciation for what Epstein accomplished.

"I know he's had some problems," she says. "I don't want anything to do with that."

As for Epstein, he came out of the deal with a new modus operandi: from now on, he'd only work with the super rich.

Eva Andersson:

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CHAPTER 25

Eva Andersson: July 8, 1980

Miss Sweden, Eva Birgitta Andersson, is wearing a dazzling white gown and sweating, ever so slightly, under the stage lights. But Bob Barker's about to announce the winner of this, the twenty-ninth Miss Universe pageant, held in Seoul, South Korea, and Eva's smile is as wide as the ocean.

"And now that we know what Miss Universe will win, let's see which five girls are still in the running!"

Barker pauses, like the expert broadcaster he is. Eva's chest tightens. There are twelve women on stage, all of them beautiful—even if they're not quite as beautiful as Miss Sweden.

"On this card are the names of five contestants who have received the highest total score from our judges in the personal interview, the swimsuit, and the evening gown competition."

Eva feels the camera pan across the stage—pan across *her,* standing in between Miss Scotland and Miss Puerto Rico.

HOUSE_OVERSIGHT_022074

"As a result, they will be our five finalists. As I call each name, you will see a figure on your television screen. That is the total score received by the contestant since she became a semifinalist. But one thing I would point out to you: the point total is not necessarily a sign of who our eventual winner will be. Being first now is no guarantee of being first at the time of our judges' final ballot."

Oh, get on with it, Miss Sweden thinks. And, as if by her command, Bob Barker does.

"Now our five finalists. Good luck, girls! The first finalist is: *Miss Sweden!*"

Eva's hands fly up to her face. The time it takes her to walk to the front of the stage is all the time she needs to stop herself from crying.

For Eva, it's not meant to be. Miss USA, Shawn Weatherly, wins that year's competition—she'll go on to become a star on *Baywatch*. But Eva's future is secure nonetheless. After the pageant, she'll spend three years studying in Stockholm, finish med school at UCLA, and become a doctor of internal medicine.

Along the way, she'll meet Jeffrey Epstein.

People who knew them when they were a couple say that Eva wanted to marry Epstein. One friend says he considered it seriously. In the end, Eva ended up with a man named Glenn Dubin, though she and Epstein remained very close. And if Eva was the proverbial "one who got away," Epstein ended up dating other impressive women—world-class beauties—as he made his way in the world.

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Why didn't any of the romances take? Perhaps there was always someone more fabulous waiting for Epstein around the corner. Perhaps none of these women satisfied Epstein's deeper urges. But he did have a knack for keeping the women he'd dated by his side through thick and thin, long after he'd broken up with them.

When he was through with his girlfriends, Epstein would say, they graduated up, not down, the ladder, moving from the status of "lover" to "friend."

In his estimation, these shifts always constituted a promotion.

The world was full of beautiful women. But for Epstein, friendship seemed to be a far more precious commodity.

HOUSE_OVERSIGHT_022076

CHAPTER 26

Jeffrey Epstein: 1984

How *did* Jeffrey Epstein make all his money?

Epstein would tell stories over the years about monies recovered from slippery characters. Sometimes, friends and former associates would say, he'd suggest he had ties to the government, giving listeners the impression that he was doing dangerous, glamorous work.

Others said that what Epstein *really* did, at this stage in his career, was much more banal. According to them, Epstein spent most of his time coming up with creative new ways for the rich to avoid paying taxes. The commission for tax-avoidance deals was enormous, although the number of deals Epstein was involved with is a matter of conjecture, as is his record of successes and failures.

But Epstein's business model was evolving. He'd charge a flat fee. No fancy math. No percentages.

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CHAPTER 26

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Pay me fifty million dollars. Or pay the IRS seven times that amount.

At first Epstein did not demand his fee up front. Instead he asked that the payment—often a substantial one—be put into escrow. If his strategy worked, he'd get paid. If not, the money bounced back to the client.

In the eighties, when tax rates on the top 1 percent were much, much higher than they are today, topping out at close to 50 percent, it was an extremely effective pitch. And then there were other ways to make money.

In 1982, Epstein sold his wealthy friends, his friends' wealthy relatives, and others on an oil-drilling deal. One of the investors, Michael Stroll, had run Williams Electronics, an entertainment company known for the pinball machines it made.

Stroll put $450,000 into the oil deal.

But in 1984, Michael Stroll wanted his money back. Despite repeated demands and requests for a full accounting of what Epstein owed him, he got $10,000 back on his $450,000 investment. Eventually he sued Epstein in federal court for the remaining $440,000—the case went on for a number of years. In court, Epstein told the judge that the $10,000 he'd returned was actually the payment for a horse Stroll had sold him.

Like many cases involving Epstein, this one was settled out of court, the terms of the final agreement kept secret.

HOUSE_OVERSIGHT_022078

CHAPTER 27

Steven Hoffenberg: July 10, 1987

Before there was Bernie Madoff, there was Steven Hoffenberg.

In 1987, Hoffenberg was the head of Towers Financial Corporation, a company that bought debts, such as unpaid medical bills, at a very steep discount while pressing the debtors to repay in full. He'd started the company fifteen years earlier with two thousand dollars and just a handful of employees. Thanks, in part, to a grueling work ethic, he'd turned that into a much bigger concern, with twelve hundred employees and stock that traded over the counter. But Hoffenberg still spent fifteen hours each day, six days a week, in his office.

He wanted more. Hoffenberg was a Wall Street outsider. A Brooklyn boy. A college dropout, like Epstein.

One thing Hoffenberg wanted was respect. The other was someone who was familiar with Wall Street's inner workings. Jeffrey Epstein, who had traded options for Bear Stearns, fit the bill.

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CHAPTER 27

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Hoffenberg began paying twenty-five thousand dollars per month for Epstein's expertise as a consultant.

The SEC had already looked into Hoffenberg's affairs, settling with him out of court in a matter relating to unregistered securities. But Hoffenberg was dangling a very big prize.

In the 1980s, several major financial players were involved in the greenmailing of publicly traded companies. What greenmailing means, in practice, is that a brokerage house or group of investors will start buying shares in companies that seem to be vulnerable to takeover attempts. To ward off the attempts, executives at those companies will buy the shares back at a premium. It's risky, but very often the investors stand to make a handsome profit.

Yet another thing Hoffenberg wanted was to take over Pan American World Airways. The iconic airline had already entered its downward trajectory, but it was still a giant.

For Hoffenberg, the greenmailing profits could have been huge.

According to Hoffenberg, Epstein handled the attempted takeover of Pan Am—a deal that went sideways almost immediately.

Steven Hoffenberg still has a lot to say on the subject. But in listening to him, one must bear in mind that in 1995, he pleaded guilty to criminal conspiracy and fraud charges involving a $460 million swindle, a familiar scheme to anyone who followed the Bernie Madoff case.

Like so many others, Hoffenberg had tried to fly very high without the necessary updraft. And despite all the hours he spent at the office, he'd also developed a taste for the high life. He

HOUSE_OVERSIGHT_022080

bought his own jet, a luxury yacht, and a Long Island mansion to go with his expensive Manhattan apartment. He'd also briefly owned a controlling interest in the *New York Post*.

To cover his tracks, Hoffenberg had been taking money from investors and using it to pay previous investors. It was a classic Ponzi scheme—one of the biggest in history—and Hoffenberg ended up spending nineteen years in a federal prison.

Why was Epstein not implicated in the case? All that Hoffenberg will say when asked is: "Ask Robert Gold."

Another source suggests that Gold, the former federal prosecutor who had helped Epstein recover Ana Obregón's money, kept the US attorney away from Epstein until there were only a few weeks left before the statute of limitations ran out.

As for Epstein himself, he would always deny any wrongdoing. Despite his proximity to Hoffenberg, he managed to avoid the blast radius.

Robert Meister: 1985

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CHAPTER 28

Robert Meister: 1985

Robert Meister, the vice chairman of a giant insurance brokerage and consulting firm called Aon, met Jeffrey Epstein in the mid-eighties, aboard a flight from New York to Palm Beach. Both men were flying first class. Each one thought the other looked familiar. They talked in the course of that flight, and Meister filed the conversation away, only to recall it in 1989. At that time, Les Wexner, who was Meister's friend and a client of Meister's insurance company, was complaining to him about the people managing his money.

Wexner was a billionaire, but for all his wealth, his finances were in a tangle. Maybe Epstein could help. And perhaps Epstein would also be grateful for the introduction. Hard as it is to believe, there's evidence to suggest that Epstein really had spent the last of his last Bear Stearns bonus—along with his share of the money he'd recovered for Ana Obregón—and was broke, again, at the time.

HOUSE_OVERSIGHT_022082

One estranged friend says that he had to loan Epstein money to pay the bill at Epstein's garage, which had seized Epstein's car for nonpayment.

Another estranged friend says that Epstein didn't have two nickels to rub together.

Diana Crane, a former model, says that Epstein always had first-class upgrades he would give to his friends so they didn't have to fly economy class.

"No one knew where or how he got them," Crane recalls. "Sometimes they worked, and other times they didn't. I remember he saw a friend of mine wearing a Concorde jacket. He asked if he could borrow it for a day or so. My friend never got the jacket back. But Epstein would tell people he always flew on the Concorde—a *total* lie."

But even if Epstein were flush, Les Wexner would have been a big fish to catch.

From the get-go, Meister's wife, Wendy, had her suspicions about Epstein. About the way he presented himself and the way he worked himself into their inner circle.

Before long, Wendy was calling Epstein *the virus*.

But for Epstein, the Meisters weren't the point. Wexner was.

And hard as it is to understand why the billionaire would associate with a man who'd worked with a Ponzi king like Steven Hoffenberg, it turned out that Wexner and Epstein would get along perfectly well.

Ghislaine Maxwell

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CHAPTER 29

Ghislaine Maxwell: 1991

Robert Meister was not the only friend who helped Jeffrey Epstein, the boy from Coney Island, on his way up the social ladder. There was also Ghislaine Maxwell, a wealthy heiress from the United Kingdom who'd retained her ties to some of the world's most glamorous and scandalous jet-setters.

Maxwell was the youngest and most favored child of one of the most famous—even infamous—men in Europe. Her father, Robert Maxwell, was a Czech refugee who had fought in the French Foreign Legion and with the British in World War II and had gone on to become a member of Parliament. By the 1960s, he'd become a media baron. Born into a Hasidic family—his birth name was Ján Ludvík Hyman Binyamin Hoch—Maxwell died in disgrace in 1991 after falling or perhaps jumping off the side of his supersize yacht, the *Lady Ghislaine*.

"The shtetl Solotvyno, where I come from, it is no more,"

HOUSE_OVERSIGHT_022084

Maxwell said a few months before his demise. "It was poor. It was Orthodox. And it was Jewish. We were very poor. We didn't have things that other people had. They had shoes, they had food, and we didn't. At the end of the war, I discovered the fate of my parents and my sisters and brothers, relatives, and neighbors. I don't know what went through their minds as they realized that they'd been tricked into a gas chamber."

Maxwell's own death was followed by an international scandal. It turned out that he'd stolen hundreds of millions of pounds from his companies' pension funds and used them to prop up his empire. Two of his sons were tried for conspiracy to commit fraud and ultimately exonerated. But Ghislaine, who had grown up in luxurious surroundings and counted the Duke of York, Prince Andrew, among her intimates, could not escape the dark shadow her father had cast. Looking to start fresh, she took the Concorde to New York City.

At first, it seems, Maxwell and Epstein were lovers. "She was madly in love with Jeffrey," says a longtime friend of Ghislaine's. Then they became something more. Ghislaine took care of Epstein's travel arrangements. She managed his household and opened doors that very few Brooklyn-born Jewish boys could have passed through. According to lawsuits and witness testimony, she also became one of several women who procured young girls for Epstein.

She was not jealous, according to people who knew her back then. If anything, Ghislaine seemed to take pleasure in satisfying Epstein's needs.

Ghislaine introduced Epstein to a fabulous world that the

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Brooklyn boy knew nothing about. One friend jokes that she taught Epstein the difference between a fish fork and a salad fork. But despite—or was it because of?—Maxwell's devotion to Epstein, she, too, graduated from girlfriend to friend status. According to *Jane Doe 102 vs. Jeffrey Epstein*, a civil complaint filed in 2009 by a woman later identified as Virginia Roberts, one of the services Maxwell provided for Epstein was the procurement of underage women. (Through her lawyer and in court papers, Maxwell has vehemently denied any involvement with Virginia, with any other young woman Epstein was involved with, or with any criminal activities committed by Jeffrey Epstein. In a 2016 answer to a defamation lawsuit brought by Roberts, Maxwell called the allegations fabricated for financial gain.)

The case of Nadia Bjorlin, who was thirteen when she was first noticed by Epstein, raises questions in this regard, at least in the eyes of her mother.

Bjorlin's Iranian-born mother spoke to a British tabloid some years ago about her family's disturbing experience with Maxwell and Epstein. Bjorlin's father, a celebrated conductor of classical music, had died a year earlier, the mother said. She believed that this made the girl a vulnerable and easy target.

"She was at school at the famed Interlochen Arts Center, in Michigan, when she met Epstein," the mother said.

"My daughter was a singer. She was a baby. She was a skinny little girl, not mature for her age. She was thirteen, but everyone thought she was nine or ten.

"Epstein was a big donor, and he heard about Nadia and that her father had died, so she was vulnerable, and he contacted her. He said, 'Here's my number.'

"He kept saying, 'Come—will you come?' He said he wanted

HOUSE_OVERSIGHT_022086

to help mentor her. I wouldn't let her meet him. What sort of a man approaches a young girl and asks to meet her?"

In the meantime, Maxwell had become friendly with the family. "I trusted Ghislaine; she was like a mother," Bjorlin's mother recalled. "She was always calling my house.

"Ghislaine didn't want me to meet Epstein, but I did anyway, and I asked what he wanted with Nadia. He said he wanted to help her singing career. He said, 'I'd like to be like a godfather.' It felt creepy.

"I had a bad vibe about him and said, 'Stop!' I told him, 'No, thank you. She doesn't need your help.' I kept Nadia away from him. She never met him alone. She never went anywhere with him."

Despite her suspicions, it took Epstein's arrest to make Bjorlin's mother wonder whether Maxwell and Epstein hadn't been sizing her daughter up for his stable of underage women.

Leslie Wexner: 19

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CHAPTER 30

Leslie Wexner: 1993

Leslie Wexner, the richest man in Ohio, is a proud midwesterner. Born into the rag trade (Wexner's parents were Russian-Jewish immigrants), he grew up to be a straight shooter—taciturn and camera-shy.

For several years running, his 315-foot boat, the *Limitless,* was the largest yacht owned by an American.

Wexner's employees loved him, and he was known to be fiercely loyal to them.

In time, he'd come to see the same qualities in Jeffrey Epstein.

"Everyone was mystified as to what [Epstein's] appeal was," says Robert Morosky, a former vice chairman of the clothing retailer the Limited, founded by Wexner.

"Almost everyone at the Limited wondered who he was," another former employee of Wexner's recalls. "He literally came out of nowhere."

HOUSE_OVERSIGHT_022088

But it seems that Epstein did work hard to untangle Wexner's finances. And it appears he succeeded. "Jeffrey cleaned that up right away," a former associate of Epstein's says.

The two men became all but inseparable.

"Very smart, with a combination of excellent judgment and unusually high standards," Wexner said of Epstein at the time. "Also, he is always a most loyal friend."

When Wexner wanted to break up with a woman he'd been dating for several years—a woman who moved to Ohio and converted to Judaism to make him happy—he dispatched Epstein to do the dirty work.

When Wexner hired a decorator for his Ohio mansion and wanted someone to verify the authenticity of several expensive antiques, Epstein flew in his friend Stuart Pivar, the renowned art collector and author. (According to Pivar, most of the antiques were cheap imitations.) When Wexner traveled abroad, he'd bring back trinkets and gifts for Epstein. When Wexner wanted to see *Cats*, Epstein arranged to have the cast perform in his mansion.

In Ohio, Wexner's associates whispered about his relationship with Jeffrey Epstein. In New York, they wondered about Epstein's role in Wexner's 1993 marriage to Abigail Koppel.

At thirty-one, Koppel was twenty-four years Wexner's junior. It was Epstein who negotiated the prenuptial agreement and orchestrated its very strange signing. Abigail signed the agreement in her law office. Wexner signed it in his office. According to an associate of Epstein's who was present, Epstein brought a *Sports Illustrated* swimsuit model along to Wexner's office, as if

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to make the point that there are other beautiful women in the world. As a joke, Epstein placed the agreement on the model's belly and had Wexner sign it right there.

Epstein asked his friend: "Are you sure you want to do this?"

"Yes, Jeffrey," said Wexner. "Quite sure."

"It was an uproarious scene," Epstein's associate recalls. "Just Jeffrey being Jeffrey. That was his gestalt."

HOUSE_OVERSIGHT_022090

PART III

The Women

HOUSE_OVERSIGHT_022091

CHAPTER 31

Mc2 Model Management's NYC branch is looking for "highly motivated and energetic" interns to assist their agents part-time or full-time. If you're thinking to yourself, who?, it's the agency founded by Jean-Luc Brunel, the guy who first signed Christy Turlington when she was just fourteen. Responsibilities include scanning pictures, answering phones, assisting with updating models' portfolios, and working in Photoshop, Word and Excel (so you have to already know what you're doing in those). You Must: Be interested in the fashion, modeling and photography industries, outgoing, well spoken, and able to keep cool while five different people demand Starbucks / copies / phone calls / etc. This is a great opportunity to get hands-on experience at a smaller agency, plus they can offer a stipend and a Metrocard as well as school credit if needed. Send your resume to intern@mc2mm.com Good luck!

—Julia Hermanns, *Fashionista*, January 30, 2009

HOUSE_OVERSIGHT_022092

Jean-Luc Brunel: 2005

For Jeffrey Epstein, Leslie Wexner is more than a mentor. More than the last in a line of older men—father figures—whom Epstein cultivated while making his way in the world.

Wexner is also a steady, if indirect, source of beautiful women.

After all, Wexner is the man in charge of Victoria's Secret, part of the Limited family of companies and—better yet—in charge of the Victoria's Secret catalog. What this means for Epstein is models galore. In fact, like a fox that's gotten hold of the lease to a henhouse, Epstein, according to evidence collected in a later lawsuit brought by Epstein victims, eventually provided financial support for a modeling agency, and provided support for models employed by that agency, in New York City.

This story begins with a Frenchman—a playboy modeling agent named Jean-Luc Brunel—who was an owner of the Karin modeling agency.

Brunel had been working as a modeling agent since the seventies. He claimed to have launched the careers of Monica Bellucci, Estelle, Jerry Hall, Rachel Hunter, Milla Jovovich, Rebecca Romijn, Kristina Semenovskaya, Sharon Stone, and Estella Warren, as well as Christy Turlington and other well-known cover girls. Brunel had also been a subject of a *60 Minutes* investigation, broadcast in 1988, into sexual exploitation in the modeling industry. That exposé had caused Eileen Ford of the elite Ford modeling agency to sever her ties with the playboy. (Brunel's activities were also chronicled in a 1995 book about the fashion

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industry—*Model: The Ugly Business of Beautiful Women*, by Michael Gross.)

But Brunel's reputation did not prevent Jeffrey Epstein from getting involved in his business.

According to a summary judgment court filing by Bradley Edwards, a victims' lawyer defending against a lawsuit by Jeffrey Epstein alleging fabrication of sexual assault cases against him, Epstein had provided support for Brunel's agency, which changed its name, in 2005, from Karin to MC2—as in $E = mc^2$.

As a scout for MC2, Brunel traveled the world in search of undiscovered talent, favoring Scandinavia, Israel, central Europe, the former Soviet republics, and South America, setting up modeling competitions and negotiating with other international modeling agents and agencies.

But according to the court filing, in which Edwards detailed the information he had gathered in support of victims, Epstein and Brunel had used the agency to bring underage girls from foreign countries into the United States by promising them modeling contracts. These girls were then housed in condominiums belonging to Epstein. "Epstein and Brunel would then obtain a visa for these girls," the document states, "then charge the underage girls rent, presumably to live as underage prostitutes in the condos."

"I strongly deny having participated, neither directly nor indirectly, in the actions Mr. Jeffrey Epstein is being accused of," Brunel would say. "I strongly deny having committed any illicit act or any wrongdoing in the course of my work as a scouter or model agencies manager. I have exercised with the utmost ethical standard for almost forty years."

According to Brunel, his association with Jeffrey Epstein

HOUSE_OVERSIGHT_022094

ended up having a strong negative impact on his reputation and business. Several photographers refused to work with him. Other agencies, such as Modilinos Model Management, curtailed their relationships with Brunel. And in 2015, Brunel filed his own civil lawsuit against Jeffrey Epstein, denying that he had any role in Epstein's illegal activities, alleging that Epstein had obstructed justice by telling him to avoid having his deposition taken in the criminal case the Palm Beach PD had built against Epstein, and claiming that false allegations of Brunel's links to Epstein's activities had harmed his reputation and cost him a great deal of business.

In his filing, Brunel included several e-mails from industry contacts who expressed their doubts about placing models with his agency. "Parents don't want their daughters coming to us because [when] they google your name and the agency name the only things they see is 'Sex Trafficking'!!!" one correspondent had written.

Nadia Marcinkova: circ

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Some guests marvel in p
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CHAPTER 32

Nadia Marcinkova: circa 2000

MC2 has offices in New York City. But Jeffrey's always *in motion*—flying to his homes in New Mexico and the Virgin Islands. Often to Palm Beach. Sometimes to Paris. And when he comes home to New York he hosts parties where important people—corporate titans, real estate tycoons, university presidents, Nobel Prize–winning scientists, princes, ex-presidents, and heads of state—mingle with beautiful women.

Some guests marvel in public: Who *are* these women? Where do they *come* from?

Nadia Marcinkova comes from Slovakia. She looks like a model. But Nadia's done very little modeling, if any. Instead she's become another of Epstein's girlfriends.

According to statements given to the Palm Beach police, she's also served as a willing accomplice in Epstein's sexual assaults on underage females.

HOUSE_OVERSIGHT_022096

Epstein prefers diminutive women, but Nadia is tall. She's rail-thin and blond like the sun, with glowing skin, a wide smile, and sky-high cheekbones.

On a good day, she could pass for a Bond girl—a woman caught up in a web of crime and intrigue. But of course, that's exactly what she is.

In certain circles, the academics and the women in Epstein's orbit are almost a joke. In a 2003 profile of him, *New York* magazine quotes Harvard professors ("He is amazing"), Princeton professors ("He changed my life"), MIT professors ("If I had acted upon the investment advice he has given me over the years, I'd be calling you from my Gulfstream right now"), and other luminaries, up to and including Bill Clinton.

"I've known Jeff for fifteen years," says Donald Trump. "Terrific guy; he's a lot of fun to be with."

No one knew then that someday Trump would run for president. (When he does, he'll attack Hillary Clinton for Bill Clinton's own entanglements with Epstein.) But Trump's already ahead of the curve in that he ends up severing his ties to Epstein well before the police or the media get wind of Epstein's penchant for underage girls.

He does this because he finds out that in their endless hunt for "masseuses," Epstein's procurers have been prowling around Trump's estate in Palm Beach.

Virginia Roberts: 1999

Trump's estate, Mar-a
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CHAPTER 33

Virginia Roberts: 1999

Trump's estate, Mar-a-Lago, had once belonged to the fabulously wealthy heiress Marjorie Merriweather Post. It sits on twenty perfectly manicured acres less than two miles away from Jeffrey Epstein's home on El Brillo Way. It's home to the exclusive Mar-a-Lago Club, which has a spa, tennis courts, and a very posh restaurant.

Donald Trump had fought the town council for decades as they blocked all his efforts to turn the place into a private resort. Other clubs on the island—those with a history of excluding blacks and Jews—had never faced such restrictions, Trump had argued. At one point he sent copies of two movies to every member of the town council: *Guess Who's Coming to Dinner,* in which Sidney Poitier confronts his girlfriend's racist parents, and *Gentleman's Agreement,* in which a journalist confronts anti-Semitism in Connecticut and New York City.

HOUSE_OVERSIGHT_022098

"Whether they love me or not, everyone agrees the greatest and most important place in Palm Beach is Mar-a-Lago," Trump told the *Washington Post* after winning his battle. "I took this ultimate place and made it incredible and opened it, essentially, to the people of Palm Beach. The fact that I owned it made it a lot easier to get along with the Palm Beach establishment."

The Breakers hotel, Trump explained, "gets the [island's] leftovers."

It cost $100,000 to join the club. Members paid $14,000 yearly in dues. And although Epstein had never properly joined the club, Trump's friendship with Ghislaine Maxwell gave Epstein unlimited use of the facilities.

This arrangement ended when a member's young daughter complained to her wealthy father: while relaxing at Mar-a-Lago, she'd been approached and invited out to Epstein's house.

The girl said that she had gone and that Epstein had tried to get her to undress.

The girl's father had gone directly to Trump, who—in no uncertain terms—told Epstein that he was barred from Mar-a-Lago.

Because no complaint was filed, the police had taken no action. But years later, a woman named Virginia Roberts would say that, as a young girl, she'd had an identical encounter at Mar-a-Lago.

According to a court document Virginia filed in her civil lawsuit against Epstein, she was a changing-room assistant at Mar-a-Lago, earning about nine dollars an hour, when Ghislaine Maxwell approached her. Maxwell asked Virginia if she was interested in learning to be a massage therapist—which, it turned out, she was. Like the other girl, Virginia told her father,

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well asked Virginia if she was
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who was also employed at Mar-a-Lago as a maintenance manager. But Virginia's father saw nothing wrong with the offer, and he drove her, later that day, to Epstein's house on El Brillo Way.

There, according to the document, Maxwell assured Virginia's father that Ms. Maxwell would provide transportation home for his teenage daughter. Then she led Virginia upstairs, to a spa room equipped with a shower and a massage table. Jeffrey Epstein was lying, naked, on the table.

Virginia was shocked, she says in the filing, but, with no experience with massages, thought this could be massage therapy protocol. "Ms. Maxwell then took off her own shirt and left on her underwear and started rubbing her breasts across [Jeffrey's] body, impliedly showing [Virginia] what she was expected to do," the filing continues. "Ms. Maxwell then told [Virginia] to take off her clothes. The minor girl was apprehensive about doing this, but, in fear, proceeded to follow Ms. Maxwell by removing everything but her underwear. She was then ordered to remove her underwear and straddle [Epstein]. The encounter escalated, with [Jeffrey] and Ms. Maxwell sexually assaulting, battering, exploiting, and abusing [Virginia] in various ways and in various locations, including the steam room and the shower. At the end of this sexually exploitive abuse, [Epstein] and Ms. Maxwell giddily told [Virginia] to return the following day and told her she had 'lots of potential.' [Epstein] paid [Virginia] hundreds of dollars, told her it was for two hours of work, and directed one of her employees to drive her home."

At the time, Virginia was fifteen years old.

HOUSE_OVERSIGHT_022100

CHAPTER 34

Declaration of Virginia Roberts Giuffre: January 19, 2015, filed on January 19, 2015 by attorneys representing Jeffrey Epstein's victims

1. My name is Virginia Giuffre and I was born in August, 1983.

2. I am currently 31 years old.

3. I grew up in Palm Beach, Florida. When I was little, I loved animals and wanted to be a veterinarian. But my life took a very different turn when adults—including Jeffrey Epstein and his close friend Alan Dershowitz—began to be interested in having sex with me.

4. In approximately 1999, when I was 15 years old, I met Ghislaine Maxwell. She is the daughter of Robert Maxwell, who had been a wealthy publisher in Britain. Maxwell asked that I come with her to Jeffrey Epstein's mansion for the purposes of teaching me how to perform "massages" and to train

me personally in that area.
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9. You can see how you
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10. Epstein took me on a
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CHAPTER 34

›erts Giuffre: January 19, :015 by attorneys ı's victims

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!, when I was 15 years old, I met ıe daughter of Robert Maxwell, lisher in Britain. Maxwell asked :y Epstein's mansion for the pur- perform "massages" and to train

me personally in that area. Soon after that I went to Epstein's home in Palm Beach on El Brillo Way.

5. From the first time I was taken to Epstein's mansion that day, his motivations and actions were sexual, as were Maxwell's. My father was not allowed inside. I was brought up some stairs. There was a naked guy, Epstein, on the table in the room. Epstein and Maxwell forced me into sexual activity with Epstein. I was 15 years old at the time. He seemed to be in his 40s or 50s. I was paid $200. I was driven home by one of Epstein's employees.

6. I came back for several days following and did the same sorts of sexual things for Epstein.

7. After I did those things for Epstein, he and Maxwell said they were going to have me travel and were going to get an education for me. They were promising me the world, that I would travel with Epstein on his private jet and have a well-paid profession. Epstein said he would eventually match me up with a wealthy person so that I would be "set up" for life.

8. So I started "working" exclusively for Epstein. He took me to New York on his big, private jet. We went to his mansion in New York City. I was shown to my room, a very luxurious room. The mansion was huge. I was very young and I got scared because it was so big. Epstein brought me to a room with a massage parlor. Epstein made me engage [in] sexual activities with him there.

9. You can see how young I looked in the photograph below [see insert page 3].

10. Epstein took me on a ferry boat on one of the trips to New York City and there he took the picture above. I was approximately 15 or 16 years old at the time.

HOUSE_OVERSIGHT_022102

11. Over the next few weeks, Jeffrey Epstein and Ghislaine Maxwell trained me to do what they wanted, including sexual activities. The training was in New York and Florida, at Epstein's mansion. It was basically every day and it was like going to school. I also had to have sex with Epstein many times.

12. I was trained to be "everything a man wanted me to be." It wasn't just sexual training—they wanted me to be able to cater to all the needs of the men they were going to send me to. They said that they loved that I was very compliant and knew how to keep my mouth shut about what they expected me to do.

13. Epstein and Maxwell also told me that they wanted me to produce information for them in addition to performing sex on the men. They told me to pay attention to the details about what the men wanted, so I could report back to them.

14. While I had juvenile hopes of bettering my life, from very early on I was also afraid of Epstein. Epstein told me he was a billionaire. I told my mother that I was working for this rich guy, and she said "go, go far away." Epstein had promised me a lot, and I knew if I left I would be in big trouble. I was witness to a lot of illegal and bad behavior by Epstein and his friends. If I left Epstein, he knew all kinds of powerful people. He could have had me killed or abducted, and I knew he was capable of that if I did not obey him. He let me know that he knew many people in high places. Speaking about himself, he said "I can get away" with things. Even as a teenager, I understood what this meant and it scared me, as I believe he intended.

15. I visited and traveled
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15. I visited and traveled with Jeffrey Epstein from 1999 through the summer of 2002, and during that time I stayed with him for sexual activities at each of his houses (or mansions) in locations including New York City, New York; the area of Santa Fe, New Mexico; Palm Beach, Florida; an island in the U.S. Virgin Islands; and Paris, France. I had sex with him often in these places and also with the various people he demanded that I have sex with. Epstein paid me for many of these sexual encounters. Looking back, I realize that my only purposes for Epstein, Maxwell, and their friends was to be used for sex.

16. To illustrate my connection to these places, I include four photographs taken of me in New Mexico [see insert page 3 for one of the photographs mentioned]. The first one is a museum in Santa Fe, New Mexico. We had gone sightseeing for the day. Epstein took this picture of me. I was approximately 17 at the time, judging from the looks of it. At the end of the day we returned to Epstein's Zorro Ranch. The second picture is me on one of Epstein's horses on the ranch in New Mexico. The following two are from wintertime in New Mexico.

17. When I was with him, Epstein had sex with underage girls on a daily basis. His interest in this kind of sex was obvious to the people around him. The activities were so obvious and bold that anyone spending any significant time at one of Epstein's residences would have clearly been aware of what was going on.

18. Epstein's code word for sexual encounters was that it was a "massage." At times the interaction between Epstein and the girls would start in the massage room setting, but it was always a sexual encounter and never just a massage.

HOUSE_OVERSIGHT_022104

19. In addition to constantly finding underage girls to satisfy their personal desires, Epstein and Maxwell also got girls for Epstein's friends and acquaintances. Epstein specifically told me that the reason for him doing this was so that they would "owe him," they would "be in his pocket," and he would "have something on them." I understood that Epstein thought he could get leniency if he was ever caught doing anything illegal, or that he could escape trouble altogether.

Roberts submitted her declaration in support of a motion to be added as a plaintiff in a suit (ongoing, as of this writing) that sought to overturn a non-prosecution agreement that Jeffrey Epstein would reach with the government. Roberts was seeking to join a case brought against the government by two other victims, but a judge denied her motion in April of 2015, explaining that the case had already been pending for several years, and it was unneccesary to add an additional plaintiff.

Roberts's declaration, which goes on for another eight pages, and makes twenty-four additional points, was stricken from the record—the judge explained that the "lurid" and "unnecessary details" involving "non-parties" to the lawsuit against the government, were "immaterial and impertinent" to the proceedings.

Through a representative, Ghislaine Maxwell called the allegations against her "obvious lies," after which Roberts filed a defamation suit against Maxwell. In an answer filed in the suit, Maxwell elaborated that Roberts's "story of abuse at the hands of Ms. Maxwell" was "fabricated" for financial gain.

Alicia: May 20, 1997

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CHAPTER 35

Alicia: May 20, 1997

Donald Trump's instincts regarding Jeffrey Epstein were solid. But if the reporters who were beginning to look into Epstein's mysterious background had dug a bit further, there's a chance they would have hit pay dirt as well—and not just in Palm Beach.

In California, for instance, a paper trail already stretched from the Santa Monica Police Department to Epstein's front door.

In the spring—almost the summer—of 1997, a call came in to the police. The young woman who placed it—a young actress who'd appeared on *Baywatch* and *General Hospital*—said she'd been sexually assaulted at a trendy hotel called Shutters on the Beach.

The officer who took the call knew the woman's name—Alicia*—and her voice. A week earlier, she'd told him about an

* Alicia's name, some identifying details, and dialogue have been changed.

HOUSE_OVERSIGHT_022106

encounter with Epstein. The woman had not wanted to make a formal complaint at the time. But she had taken the cop's card, and now he was happy to hear that she'd changed her mind.

In a shaky voice, Alicia described Epstein as a tallish man—five feet eleven or six feet in height was her guess—with gray hair and brown eyes. He was the owner of a large black four-door Mercedes and was a regular at Shutters on the Beach, which was the kind of place that cost one thousand dollars a night and was frequented by actors, agents, and other Hollywood types.

Alicia told the cop that she was a model and actress herself. She'd known Epstein for about a month. They had a friend in common, and she'd sent him her head shots.

Then, through an assistant, Epstein had invited her to meet in his room at the hotel.

Alicia said she was having reservations, the officer wrote in his report, *because generally interviews are not conducted in hotel rooms.*

According to her, things turned frightening quickly.

> *She was unsure she was safe because although she wanted to land the job as a 'Victoria's Secret' catalog model she felt as though Epstein was attempting to get her to act in an unprofessional manner for a model.*

Epstein wore navy blue sweatpants and a white T-shirt, she recalled. The T-shirt had the letters *USA* printed on it in patriotic red, white, and blue.

> *Epstein told her to undress and actually assisted her to do so while saying 'let me manhandle you for a second.'*

Then, Alicia told the cop,
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had stopped Epstein, and left
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Then, Alicia told the cop, *Epstein groped her buttocks against her will while acting as though he was evaluating her body.* Alicia had stopped Epstein, and left the room, but couldn't get over the incident.

At the top of his crime report, the officer wrote "Sexual Battery." But Epstein was never charged in the incident. "The Santa Monica Police Department discounted every one of [Alicia's] allegations of improper conduct by Jeffrey Epstein and they took no action on this 1997 complaint," Epstein's West Palm Beach attorney, Jack Goldberger, told the *Palm Beach Post* in 2010.

"The cops said it'd be my word against his," Alicia told the paper. "And since he had a lot of money, I let it go. I hadn't thought much about it since, until I saw his picture online. And now, I want everybody to know how much of a creep he's always been."

HOUSE_OVERSIGHT_022108

CHAPTER 36

Graydon Carter: December 2002

Graydon Carter, the legendary editor of *Vanity Fair,* likes to get to his office early, well before the rest of his staff files in.

Most monthly magazines operate at a leisurely pace—three weeks of coming up with ideas, assigning articles, and shooting the shit in the corporate kitchen followed by one frantic week when all the actual editing gets done. But this isn't the case at *Vanity Fair,* which runs hard-hitting investigative pieces alongside its glitzy celebrity profiles. There are also parties to plan and host—incredibly glamorous parties, including the annual Oscar-night bash, which is more fun and far more exclusive than the Academy Awards ceremony itself. *Vanity Fair* is an old, famous brand. But Carter is its public face, just as Anna Wintour is the face of Condé Nast's iconic fashion magazine, *Vogue.*

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CHAPTER 36

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One cover of *Vanity Fair* can turn a minor celebrity into a superstar. And a single thoroughly researched story can bring down a corporate overlord.

Carter's easy to recognize: the pompadour of white hair, like a lion's mane. The Santa Claus body stuffed into an impeccably tailored bespoke suit. He wears his fame lightly. But he could not be more serious about his responsibilities, which are weighing heavily on him this month. Months earlier, he'd assigned a piece to Vicky Ward, an Englishwoman who wrote frequently for *Vanity Fair*. He'd meant for it to be an easy assignment: Ward was pregnant with twins. She wasn't allowed to fly. But here was a story right on her doorstep. A nice, easy profile of Jeffrey Epstein. Who was he, really? Carter knew he threw fabulous parties attended by academics, billionaires, and beautiful women. Recently he'd flown Bill Clinton to Africa. But no one seemed to know how he had made his fortune. Epstein's story reminded the editor of F. Scott Fitzgerald's *The Great Gatsby*.

Carter himself could have stepped out of a novel—though in his case, the author would be Horatio Alger. A Canadian college dropout who'd worked as a railroad lineman, he arrived in New York in his late twenties and commenced an astonishingly quick rise up the social and media ladders. But where Carter was open and outgoing, Epstein really was Gatsby-like—very little about him was known. Maybe, Carter thought, Ward could find out. What did Epstein do, exactly, for money? Why was he so secretive? Why were so many brilliant and powerful men drawn to him? And where did those beautiful women come from?

Almost immediately, Epstein began a campaign to discredit Ward. He prevailed upon Conrad Black, the press baron and

HOUSE_OVERSIGHT_022110

Epstein's Palm Beach neighbor—who was also a step-uncle of Vicky Ward's husband—to ask Ward to drop the story. But Ward was tenacious, and what she came back with was dynamite. More interesting and much more salacious than anything Carter had imagined.

Now Carter's staff was putting in the hours it would take to confirm all the things she'd uncovered, picking the ones they could publish and laying them all out in a narrative that would be no less explosive than the facts it contained.

Vicky Ward: October

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CHAPTER 37

Vicky Ward: October 2002

Epstein went out of his way to spin the *Vanity Fair* story to his own ends, and soon after she got the assignment, Vicky Ward's phone began to ring off the hook: calls from Ace Greenberg and Jimmy Cayne, the current head of Bear Stearns; from Les Wexner; from academics, scientists, and movers and shakers who counted Epstein among their friends.

Then there were the calls from Epstein himself. He wouldn't go on the record, but despite the rumors he'd spread behind Ward's back, he was happy to talk informally, even give her a tour of his Manhattan mansion and trot out stories that he had dined out on for years. By most accounts, Epstein could be extremely charming—even if it had taken Ghislaine to teach him which forks to use when—and he did his best to charm Vicky Ward. But she was not easily seduced, and she turned out to have a keen eye for Epstein's missteps.

HOUSE_OVERSIGHT_022112

Over tea in his town house, she noticed, Epstein ate all the finger food that had been put out for both of them. She found it odd that the only book this supposedly brilliant man had left for her to see was a paperback by the Marquis de Sade. And then there was the call afterward from one of Epstein's assistants—a woman Ward did not know—who told her, "Jeffrey wanted me to tell you that you looked so pretty."

Ward is pretty, with fine English features and flowing blond hair. She was also *very* pregnant then, with a bad case of morning sickness. She threw up often, sometimes in public, and these clumsy advances on Epstein's part only added to her ever-present nausea. For a man who was supposedly brilliant, he'd struck her, oddly, as not very *smart*.

"Epstein is charming, but he doesn't let the charm slip into his eyes," she wrote. "They are steely and calculating, giving some hint at the steady whir of machinery running behind them. 'Let's play chess,' he said to me, after refusing to give an interview for this article. 'You be white. You get the first move.' It was an appropriate metaphor for a man who seems to feel he can win no matter what the advantage of the other side. *His* advantage is that no one really seems to know him or his history completely or what his arsenal actually consists of. He has carefully engineered it so that he remains one of the few truly baffling mysteries among New York's moneyed world. People know snippets, but few know the whole."

The testimonials Epstein's friends gave were glowing: "I think we both possess the skill of seeing patterns," Les Wexner told her. "Jeffrey sees patterns in politics and financial markets, and I see patterns in lifestyle and fashion trends. My skills are

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not in investment strategy, and, as everyone who knows Jeffrey knows, his are not in fashion and design. We frequently discuss world trends as each of us sees them."

"I'm on my 20th book," said Alan Dershowitz, who'd met Epstein in 1997. "The only person outside of my immediate family that I send drafts to is Jeffrey."

But Ward also talked to other sources, who had their own questions and qualms about Jeffrey Epstein. Some were involved in lawsuits against him. Others had served on prestigious boards with him. One who had witnessed Epstein's aborted stint on the board of Rockefeller University called him arrogant.

One powerful investment manager wondered about Epstein's conspicuous absence from New York's trading floors. "The trading desks don't seem to know him," he says. "It's unusual for animals *that* big to not leave any footprints in the snow."

Ward uncovered legal documents, including Epstein's interview with the SEC, given in the wake of his departure from Bear Stearns. She visited a federal prison in Massachusetts and spoke at length with Steven Hoffenberg, who told her that Epstein had made a major mistake in taking Bill Clinton to Africa. "I always told him to stay below the radar," Hoffenberg said. He made other accusations, about Epstein's financial practices, which Epstein denied—and Ward knew that Hoffenberg, the Ponzi-scheme mastermind, was not to be trusted. But she did find it strange that throughout the reporting process Epstein was much less openly concerned with what she'd found out about his finances than with what she'd uncovered about his dealings with women.

Time and again, he would call and ask her: "What do you have on the *girls?*"

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* * *

One young woman Ward talked to had been invited by Ghislaine Maxwell to attend a party at Epstein's town house. There, the woman had noticed, female guests far outnumbered the male guests. "These were not women you'd see at Upper East Side dinners," the woman had said. "Many seemed foreign and dressed a little bizarrely."

"This same guest also attended a cocktail party thrown by Maxwell that Prince Andrew attended, which was filled, she says, with young Russian models," Ward wrote. "'Some of the guests were horrified,' the woman says."

Another source, one who had worked with Epstein, said, "He's reckless, and he's gotten more so. Money does that to you. He's breaking the oath he made to himself—that he would never do anything that would expose him in the media. Right now, in the wake of the publicity following his trip with Clinton, he must be in a very difficult place."

Vicky Ward: Novembe

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CHAPTER 38

Vicky Ward: November 2002

What I had 'on the girls,'" Ward explained in a *Daily Beast* article published after Epstein's arrest, "were some remarkably brave first-person accounts. Three on-the-record stories from a family: a mother and her daughters who came from Phoenix. The oldest daughter, an artist whose character was vouchsafed to me by several sources, including the artist Eric Fischl, had told me, weeping as she sat in my living room, of how Epstein had attempted to seduce both her and, separately, her younger sister, then only 16."

Ward had written it all down in her notes. She had crossed the t's, dotted the i's.

But when she called Epstein to get his response, he denied the allegations completely.

"Just the mention of a 16-year-old girl," Epstein told her,

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"carries the wrong impression. I don't see what it adds to the piece. And that makes me unhappy."

If some sort of criminal investigation had taken place, that would have been one thing. But, at that time, no criminal investigation into Epstein's affairs had been launched. And in the absence of an investigation, the rumors of Epstein's dealings with very young women seemed to be just that—rumors.

Graydon Carter consulted his lawyers, his editors, and his fact-checkers. And then something odd and disturbing happened at the Condé Nast building, then in Times Square.

As usual, Carter had come into the office early. He swiped his key card in the lobby, pressed the elevator button, and arrived in the hallway outside the reception area on the twenty-first floor.

It would have been a perfect time to review Ward's story.

Her description of Epstein's town house—which is said to have been the largest private residence in New York City at the time—was priceless: "Inside, amid the flurry of menservants attired in sober black suits and pristine white gloves, you feel you have stumbled into someone's private Xanadu," she'd written. "This is no mere rich person's home, but a high-walled, eclectic, imperious fantasy that seems to have no boundaries. The entrance hall is decorated not with paintings but with row upon row of individually framed eyeballs; these, the owner tells people with relish, were imported from England, where they were made for injured soldiers. Next comes a marble foyer, which does have a painting, in the manner of Jean Dubuffet . . . but the host coyly refuses to tell visitors who painted it. In any case,

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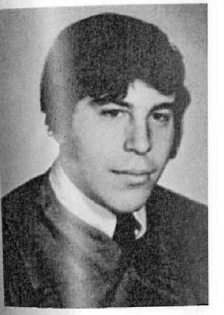

Jeffrey Epstein, Coney Isl
circa 1969 *(Anonym*

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CHAPTER 58

Prince Andrew: 2011

Prince Andrew also fares poorly in the wake of Epstein's imprisonment.

The two men are old friends. They have been ever since Ghislaine Maxwell introduced the prince to her then-beau, sometime in the 1990s. In 2000, Epstein had been invited to Windsor Castle to celebrate the queen's birthday. Six months later, Epstein flew to Sandringham, the queen's estate in Norfolk, England, for a party Prince Andrew threw for Ghislaine's thirty-ninth birthday.

The prince had also visited Epstein on several occasions, in Palm Beach as well as in New York. And if allegations Virginia Roberts made in her 2015 declaration are to be believed, Epstein asked her to give the prince whatever he required, then report back with the details.

According to the *Guardian*, Epstein and the prince had partied together at Windsor Castle, in Saint-Tropez, and in Thailand,

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where "Andrew was pictured on a yacht surrounded by topless women."

According to Roberts's lawsuit, Epstein had forced her into the prince's bed on Little Saint Jeff's.

After Epstein's conviction, the British press were using another name for Little Saint Jeff's: Sex Island. The *Guardian* reported that the manager of two Virgin Islands–based corporations owned by Epstein happened to be the wife of the governor of the Virgin Islands. There were allegations involving a million-dollar donation that Epstein had made to the governor's reelection campaign. And then there was Roberts's claim that she had been forced to have sex with the prince on the island as well as in New York and in London.

Invariably, the photograph of Prince Andrew with his arm around the bare midriff of a very young-looking Virginia Roberts ran with stories that appeared in the tabloids.

"It is emphatically denied that the Duke of York had any form of sexual contact or relationship" with Roberts, Buckingham Palace spokespersons would say. "The allegations made are false and without any foundation."

The prince's ex-wife, Sarah Ferguson, the Duchess of York, while on a skiing trip with the prince and their daughter Eugenie in Switzerland, told reporters, "He is the greatest man there is. It was the finest moment of my life in 1986 when I married him. He is a great man, the best in the world."

"I won't stand by—because I know what it feels like to have salacious lies made up about you—and not support him so publicly because they are just shockingly accusatory allegations,

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which I don't think is right," she said a few days later when interviewed by *Today* host Matt Lauer. "It's a defamation of character, and as a great father and a humongously good man and all the work he does for Britain I won't stand by and let him have his character defamed to this level."

But at the same time, a certain schadenfreude attended the good man's fall from grace, and former associates kept coming out of the woodwork to dish to the press.

"I've seen him treat his staff in a shocking, appalling way," said a former aide to the prince. "He's been incredibly rude to his personal protection officers, literally throwing things on the ground and demanding they 'fucking pick them up.' No social graces at all. Sure, if you're a lady with blond hair and big boobs, then I bet he's utterly charming."

Despite all this, the prince had stuck by Epstein. There was even a photo, frequently trotted out by the tabloids, of the two of them strolling in Central Park.

Some few months before it was taken, a reporter posing as a businessman had secretly taped Sarah Ferguson's demand for five hundred thousand pounds in return for access to the prince.

"If you want to meet him in your business," she'd said then, "look after me, and he'll look after you. You'll get it back tenfold."

"Once again," she said afterward, "my errors have compounded and rebounded and also impacted on the man I admire most in the world: the Duke."

Prince Andrew had had his troubles already—with shady real estate deals, sticky romances, highly embarrassing document dumps (courtesy of Julian Assange and WikiLeaks), and

HOUSE_OVERSIGHT_022120

questionable ties to Tunisian oligarchs, corrupt presidents of former Soviet republics, and Mu'ammar Gadhafi, among other entanglements, many of which were explored in a *Vanity Fair* article headlined THE TROUBLE WITH ANDREW.

"The duke has a record of being loyal to his friends," a "royal source" told *Vanity Fair*'s Edward Klein. "Take his feelings for Sarah Ferguson. If you are a prince and you bring a woman into the royal life and, for whatever reasons, she's spit out, you might have feelings of debt toward her. The duke feels that she's been spattered and rejected. His close relationship with the Duchess of York is problematic, and there have been many problems over the last 5 to 10 years, all of which stem from the duchess. Some of the behavior of the duchess is inconsistent with being married to, or an ex-wife of, the duke. There's no question but that Sarah's been a financially self-destructive element in the duke's life."

"The same kind of loyalty manifested itself last December, when the duke visited Epstein at his home in New York," said a spokesperson for Buckingham Palace. "Epstein was a friend of the duke's for the best part of 20 years. It was the first time in four years that he'd seen Epstein. He now recognizes that the meeting in December was unwise."

"Don't expect to see a photo of the two of them together," another "royal source" would say.

But one more story about the prince's dealings with Jeffrey Epstein had already emerged.

At a dinner party at Epstein's town house, the prince dished about the wedding of his nephew Prince William to Kate Middleton.

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ested in every detail," a guest in attendance told a *New York Post* gossip columnist. "What would Kate wear, what would the Queen wear, would his ex-wife Sarah Ferguson be invited?"

Other guests in attendance that night included Chelsea Handler, George Stephanopoulos, Charlie Rose, Katie Couric, and Woody Allen.

At around the same time, Jeffrey Epstein told the *New York Post*, "I'm not a sexual predator, I'm an 'offender.' It's the difference between a murderer and a person who steals a bagel."

Was it so remarkable that Prince Andrew would have been seen in Epstein's company? Andrew's philandering had been tabloid fodder for years. Randy Andy, they called him in the UK. And in the circles that Jeffrey Epstein moved in, philandering wasn't seen as a vice. Epstein came of age just as industrywide deregulation took hold on Wall Street. Junk bonds were king. Call girls were charging ten thousand dollars a night. And in the shadows, you'd see things that would have made Caligula blush. Sights that would make Nero himself reach for the nearest fire extinguisher. When the urge presented itself, the new super rich didn't have to swap wives.

They could simply swap harems.

By the same token, was it so very strange to think that a man like the prince would have grown so detached from reality—insofar as *reality* is even a word that applies to a prince? Was it odd that he thought it was absolutely fine to be seen by photographers strolling through Central Park with a registered sex offender—when at the time large swaths of the financial, banking, and trading industries were characterized by their very

HOUSE_OVERSIGHT_022122

detachment from day-to-day concerns such as morality, ethics, and appearances?

As for Jeffrey Epstein, one question that might be worth asking is, if he's in fact a narcissist and megalomaniac, could he actually believe that he's *innocent?* Then again, that might be the wrong question. Epstein did plead guilty, after all. But what if he simply doesn't see what he pleaded to as a crime? What if he's *proud* of his lifestyle? And if that's the case, why *wouldn't* Prince Andrew be proud to be seen in public with his dear friend Jeffrey Epstein?

What if, for people like Epstein and the prince, it's just servants and masters, the way of the world? They're natural winners—*aristocrats,* after all—and if life were fair, well, how would we know who the real winners are?

Anna Salter: Novemb

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CHAPTER 59

Anna Salter: November 2015

Why do powerful men do the things that Jeffrey Epstein and Prince Andrew have been accused of doing?

Dr. Anna Salter studies child sex offenders professionally. Educated at Harvard, with a graduate degree in clinical psychology, she spoke, with the benefit of hindsight, about Jeffrey Epstein and others like him from her office in Madison, Wisconsin.

"Consider a car," says Dr. Salter. "There's a motor, and there are brakes. We all have sexual impulses we don't think it would be a good idea to act on. Most of us have good control over our behavior. We have good brakes.

"Sexual offenses and inappropriate sexual behavior are sometimes the result of a bad motor—for example, an attraction to prepubescent children or eleven-to-fourteen-year-old pubescent children as opposed to postpubescent individuals. But they are always the result of bad brakes.

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"Antisocial psychopaths don't have brakes at all."

Dr. Salter has never met Epstein, but she's followed his case closely and finds him a familiar type. She's especially struck by the singular nature of the relationship between powerful, wealthy men and vulnerable, underage women.

"[The men] are more impressive to a fourteen-year-old [girl] than to, say, an adult young woman who is self-supporting and feels more sure of herself," she explains.

"They are attracted to what they call freshness—barely budding sexuality and lack of sexual experience. The difference between them and their victims feeds their ego.

"Great wealth and access are generally factors that make men feel they are entitled to whomever and whatever they want. Some have narcissistic personalities with inflated self-images. And of course, great wealth and status make such men think they can get away with it. Too often, they're right."

On the other hand, Dr. Salter believes that certain conditions, such as the ones exhibited by Jeffrey Epstein, might be an inborn character trait.

Personality can be influenced, sometimes quite heavily, by genetics.

"Virtually no one believes anymore that humans are born a totally blank slate," she explains.

"We arrive with temperamental and personality variations that, of course, the environment can often, but not always, influence. We arrive with baggage."

Is Epstein a born psychopath, then?

"*Psychopathy* is the umbrella term for individuals who do not have a conscience. Pyschopaths are often narcissistic, but narcissists are often not psychopathic. Some individuals who prey

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on young girls delude themselves into thinking that the abuse will not harm the child. They have a conscience, but they have medicated it with thinking errors. Others are flat-out psychopathic and simply don't care if it hurts the young girl or not. I can't say anything about Epstein, as I have not evaluated him, but narcissism and psychopathy are concepts an evaluator would look at concerning anyone who was sexually attracted to postpubescent individuals but who then began to focus on younger teens.

"Psychopaths are often superficially charming, high-stimulus seekers who are bored if not doing something. They lie, con, and manipulate. They do not establish deep affective ties.

"They are callous and remorseless individuals who simply don't feel bad about harming someone.

"Rules don't apply to them because they are exceptional. They are sure they won't get caught."

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CHAPTER 60

Jeffrey Epstein: July 2010

Jeffrey Epstein was done with jail, but he wasn't done settling suits brought by his victims. Under the conditions of his non-prosecution agreement, he's even paid for the victims' lawyers. Still, Epstein's NPA seemed to ensure that he would not be prosecuted again for his crimes. Double jeopardy was working in Epstein's favor. But in July of 2010, reports began to appear in the press: federal investigators were following other leads—leads that could result in child-trafficking charges and a twenty-year sentence.

The Florida attorney general's office refused to comment. It was against policy to confirm or deny the existence of an ongoing investigation. One of Epstein's lawyers told the *Daily Beast* that he had no knowledge of such an investigation. "Jeffrey Epstein has fully complied with all state and federal requirements that arise from the prior proceedings in Palm Beach," Jack

Goldberger said. "There
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CHAPTER 60

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or proceedings in Palm Beach," Jack

Goldberger said. "There are no pending civil lawsuits. There are not and should not be any pending investigations, given Mr. Epstein's complete fulfillment of all the terms of his non-prosecution agreement with the federal government."

If there was an investigation, nothing had come of it yet. For the moment, Epstein was free—free to turn his attention, again, to intellectual pursuits. He launched a website, JeffreyEpsteinScience.com, that featured blog posts such as "Conversations with Jeffrey Epstein," "The Value of Quantum Computation to Jeffrey Epstein," "Why Evolutionary Biology Intrigues Jeffrey Epstein," and "An Understanding of Theoretical Physics from Jeffrey Epstein." The latter post began: "This is where Jeffrey Epstein takes you to the very cutting edge of the frontiers of knowledge to explore and discuss our basic understanding of the subtle, simple, and hidden [qualities] that lie beneath . . . our universe."

"Jeffrey doesn't know shit about science," says Stuart Pivar, the art collector who has known Epstein for more than three decades. "Does he like to act like he does? Yes. But he doesn't. But as far as these academic scientists—without people like him they wouldn't have any money."

Other friends of Epstein's say that he truly did have a brilliant mind for science. And in any case, Epstein had done more than sponsor individual scientists. He'd also sponsored conferences on Little Saint Jeff's. On his website, he announced a conference called Mindshift at which Nobel laureates, such as the theoretical physicist Murray Gell-Mann, would mix with surgeons, engineers, and futurists and where professors would

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discuss cognitive neuroscience, artificial intelligence, systems of encryption and decryption, and other topics.

Epstein had been hosting get-togethers like this for years. Toward the end of Chief Reiter's investigation, in March of 2006, Epstein had hosted twenty top physicists—including three Nobel Prize winners as well as the celebrity physicist Stephen Hawking—at a Saint Thomas symposium called "Confronting Gravity," which was advertised as "a workshop to explore fundamental questions in physics and cosmology."

"This is a remarkable group," one of the Nobel Prize winners told a reporter for the *St. Thomas Source*.

"There is no agenda except fun and physics, and that's fun with a capital F," Epstein said.

Epstein had been especially interested in Stephen Hawking. Someday, Hawking had theorized, the universe would stop expanding and collapse, at which point time would begin to run backwards. Hawking believed that computer viruses were living things. He thought that given the size of the universe, alien life forms existed. He did not believe in God. But he had a vast appreciation for the inner workings of the universe, and this is why Epstein gave Hawking a tremendous gift. He paid to have a submarine modified so that it could fit Hawking and his wheelchair and give the scientist his first glimpse of an actual alien world—the one that lies under the waves of the ocean.

It was one of the most romantic, generous gestures that Jeffrey Epstein had ever made.

Al Seckel: January 201

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CHAPTER 61

Al Seckel: January 2012

Epstein's partner in the Mindshift conference, a man named Al Seckel, was known for throwing fabulous parties that were said to have included the actor Dudley Moore, magician James "the Amazing" Randi, and future Tesla and SpaceX founder Elon Musk, as well as many of the scientists Jeffrey Epstein would court in the course of his own climb up the social ladder.

In certain Los Angeles circles, Al Seckel was a very good man to know. But, like Jeffrey Epstein, Seckel was a sort of illusionist. According to Mark Oppenheimer, a journalist who knew Seckel and followed his career for fifteen years, Seckel made his money by selling rare books and papers, often through his social and academic connections.

"A number of these transactions resulted in accusations and lawsuits," Oppenheimer would write. "In speaking to former

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Seckel acquaintances, I kept hearing variations on a scheme Mrs. Pearce Williams believed he perpetrated against her late husband, the man Seckel said was his mentor. Seckel took books and promised money, or he took money and promised a book; but somehow, the promised party lost money."

"He was charming, erudite, humorous," one of Seckel's marks told the reporter. "I lent him $75,000. When the time came to pay it back he didn't want to do it."

Oppenheimer found several people whom Seckel had stiffed and uncovered dozens of lawsuits he'd been involved in. In 2007, Seckel settled a libel lawsuit against a man who'd edited his *Wikipedia* page. Years later, Oppenheimer spoke with Seckel's lawyer, Nicholas Hornberger.

"Hornberger confirmed that he'd reached a settlement for the case, a favorable one," the journalist wrote. "Hornberger added that Seckel has still not paid him for his services."

He also interviewed Seckel's wife, Isabel Maxwell.

Al and Isabel met on a blind date and married in Malibu in or "around" 2007 ("I don't keep the dates in my head," Seckel explained). A few years later, they moved to the South of France, where Seckel continued to trade in rare books and papers. While living in France, he was sued by a Virgin Islands company that accused him and Isabel of fraudulently attempting to sell rare books and a seventeenth-century portrait of Isaac Newton.

Seckel had also been trying to sell papers belonging to Isabel's father.

Isabel is Ghislaine Maxwell's sister and the daughter of Robert Maxwell.

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It was an odd thing, Epstein's association with this self-professed PhD who, on closer inspection, turned out to be a bit of a grifter. But the Mindshift conference that Epstein and Seckel hosted in the Virgin Islands did take place, in 2010. Murray Gell-Mann was there, along with Leonard Mlodinow, a physicist who coauthored books with Stephen Hawking. Gerald Sussman, an expert on artificial intelligence who taught at MIT and also attended the conference, said that he didn't remember too much about it.

"We had scientific discussions, talked about various things," he said vaguely.

When Mark Oppenheimer asked him if he'd given money to Seckel, Sussman "got testy" with the reporter.

"I have had some dealings with him," Sussman said. "I don't want to say what it's about, because I don't feel good about it, okay?"

Today, Epstein's websites—JeffreyEpsteinFoundation.com and JeffreyEpsteinScience.com—are down. Their domain names have long since expired. Several recipients of Epstein's charitable contributions, including New York's Mount Sinai Hospital and Ballet Palm Beach, announced that they would not be accepting new gifts.

"The further I can keep myself from anything like that the better," said Ballet Palm Beach founder Colleen Smith.

But in 2012, Epstein held one more conference on Little Saint Jeff's. Once again, three Nobel Prize winners were in attendance. Stephen Hawking was also there. All in all, Epstein had gathered twenty-one physicists—from Princeton, Harvard, MIT, and CERN

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(the European Organization for Nuclear Research)—to "determine what the consensus is, if any, for defining gravity."

According to a press release issued by Epstein's foundation, the consensus that did emerge was that space is "not quite empty."

Jeffrey Epstein: Februar

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CHAPTER 62

Jeffrey Epstein: February 2, 2011

It's Groundhog Day, and once-reclusive Jeffrey Epstein is hitting the peak of his fame in a ripped-from-the-headlines episode of *Law & Order: SVU* that tracks, eerily well, with his own legal history.

The setup for this episode is the rape of a very young French girl. One who's been flown to New York on a very rich man's private jet, then flown back—coach class—to Paris.

On the plane, she has a freak-out. She thinks the middle-aged guy sitting next to her is trying to rape her. In Paris, the local police get involved.

"It was just a birthday party," the tearful girl tells the SVU cops via videoconference from France. "We were his present."

The cops ask: Whose present?

"The billionaire. The one who owns the jet."

Does the French girl know his name?

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"Jordan. He wanted a massage. But I had to take off my clothes. He climbed on top of me. It hurt. I started to bleed, and it wouldn't stop. The doctor came."

"Dominique," the cops say. "We're going to arrest this man. But we need you to return to New York so you can testify."

"Non," says the girl. *"Non! Jamais! Jamais!"*

For Epstein, there are other embarrassments, many of which have to do with his royal friends. The wedding of Prince William and Kate Middleton is approaching, and the ongoing troubles of Prince William's uncle Prince Andrew keep threatening to derail the festivities. On March 6, a spokesperson for Sarah Ferguson confirms that Epstein paid off part of the seventy-eight thousand pounds that the duchess borrowed from a man who was once her personal assistant.

The next day, headlines appear in the *Telegraph* and other British papers: DUKE OF YORK "APPEALED TO JEFFREY EPSTEIN TO HELP DUCHESS PAY DEBT."

"I personally, on behalf of myself, deeply regret that Jeffrey Epstein became involved in any way with me," Prince Andrew's ex-wife tells journalists. "I abhor paedophilia and any sexual abuse of children and know that this was a gigantic error of judgment on my behalf.

"I am just so contrite I cannot say. Whenever I can I will repay the money and will have nothing ever to do with Jeffrey Epstein ever again."

That week, as part of the ongoing civil lawsuits against Epstein, Sarah Kellen and Nadia Marcinkova are both asked about Prince Andrew's relations with Epstein.

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"Fifth" is Nadia's simple,

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Nadia Marcinkova are both asked
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"Would you agree with me that Prince Andrew and Jeffrey Epstein used to share underaged girls for sexual relations?" Kellen is asked.

"On the instructions of my lawyer," Kellen replies, "I must invoke my Fifth Amendment privilege."

"Have you ever been made to perform sexually on Prince Andrew?" lawyers ask Marcinkova.

"Fifth" is Nadia's simple, succinct reply.

That same week, the government downgrades Prince Andrew's role as Great Britain's royal trade envoy. But the British press is tenacious, and in the *Telegraph*, the *Guardian*, and elsewhere, stories appear on a daily basis:

- *The Duke, His Paedophile Guest, and the Most Unusual Use of an RAF Base*
- *Andrew's Secret Love Life Revealed*
- *Royal Connections: Prince Andrew and the Paedophile Are Suddenly the Talk of New York*
- *Time to Show This Right Royal Clown the Door*
- *An Odd Trio: The Royal Trade Envoy, the Teenage Masseuse and the Fixer*
- *No. 10 Struggles to Contain Row Over Prince*
- *From Royal Asset to National Liability*
- *Royal Blush*
- *Duke Could Be Called to Two Epstein Trials*
- *It's the Company You Keep... The Duke's Dangerous Liaisons*
- *Nothing Grand About This Old Duke of York*
- *The Royal Family Has Feared a Blow-Up Over Duke's Choice of Friends For Years*
- *Our Less-Than-Grand Old Duke of York*

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On March 11, a devastating undersea earthquake and tsunami move Japan's main island by several feet, shifting the earth on its axis. The destruction is horrific and unprecedented. But on March 13, the *Daily Mail* devotes four pages and seven separate articles to Prince Andrew. That same day, the *Telegraph* runs three pieces, and the *Sunday Times* runs a two-page spread headlined GUN SMUGGLER BOASTS OF SWAY OVER ANDREW.

On March 14, the *Guardian* runs one more piece about Andrew's troubles.

PRINCE ANDREW DOMINATES HEADLINES DESPITE THE EARTHQUAKE, the headline reads.

Alan Dershowitz: Septen

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HEADLINES DESPITE THE EARTHQUAKE,

CHAPTER 63

Alan Dershowitz: September 2014

If the ongoing lawsuits are costing Epstein millions, he has millions left to spare. Meanwhile, the FBI's investigation into whether Epstein trafficked underage women across state lines seems to be going nowhere. As 2014 draws to a close, it's beginning to look as if Epstein is finally free and clear of the case.

But for Epstein's friend and sometime lawyer Alan Dershowitz, things are about to get very unpleasant.

At the start of 2008, Bradley Edwards, the Fort Lauderdale lawyer, had filed a motion in a West Palm Beach court on behalf of two unnamed women accusing Prince Andrew and Alan Dershowitz of participating directly in Epstein's illegal activities.

Prince Andrew had had no comment to make, and Dershowitz had objected to the accusations in the strongest possible terms.

"There's absolutely no kernel of truth to this story," he'd said.

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"I don't know this woman. I've never been in the same place with her. She's made the whole story up out of whole cloth."

Bradley Edwards had already become involved in lawsuits against Epstein. In 2007, working with a former federal judge and University of Utah law professor named Paul Cassell, he had filed a lawsuit on behalf of another unnamed woman. Six years later, that case is still pending, and now, Edwards and Cassell petition to have the two suits combined.

All in all, four Jane Does take part in the lawsuit.

Jane Doe 3 is Virginia Roberts, the girl who says that Ghislaine Maxwell recruited her for Epstein at Trump's resort, Mar-a-Lago.

Epstein had "lent" her and other young girls to prominent businessmen, important politicians, world leaders, and other powerful men in order "to ingratiate himself with them for business, personal, political, and financial gain, as well as to obtain blackmail information," Roberts claims.

She says that Epstein forced her and other underage girls to take part in an orgy in the Virgin Islands.

She names Prince Andrew and Alan Dershowitz as two of the men she'd been forced to have sex with and claims that Dershowitz had been "an eyewitness to the sexual abuse of many other minors by Epstein and several of Epstein's co-conspirators."

This time, Prince Andrew does respond to the allegations.

"This relates to longstanding and ongoing civil proceedings in the United States, to which the Duke of York is not a party," Buckingham Palace says in a short statement. "As such we would not comment on the detail. However, for the avoidance of doubt, any suggestion of impropriety with underage minors is categorically untrue."

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Alan Dershowitz also goes on the attack. Virginia's claims are part of a plot to extort him, he claims. The motion that Edwards and Cassell have filed is "the sleaziest legal document" he's ever seen.

"They manipulated a young, suggestible woman who was interested in money," Dershowitz says. "This is a disbarrable offense, and they will be disbarred. They will rue the day they ever made this false charge against me." It's a vehement denial. But then, the allegations made by Virginia Roberts, on January 15, 2015, in a declaration filed against the government in an attempt to overturn Jeffrey Epstein's non-prosecution agreement, are highly disturbing.

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CHAPTER 64

Declaration of Virginia Roberts Giuffre, filed on January 19, 2015 by attorneys representing Jeffrey Epstein's victims (continued)

20. Harvard law professor Alan Dershowitz was around Epstein frequently. Dershowitz was so comfortable with the sex [that] was going on that on one occasion he observed me in sexual activity with Epstein.

21. I had sexual intercourse with Dershowitz at least six times. The first time was when I was about 16, early on in my servitude to Epstein, and it continued until I was 19.

22. The first time we had sex took place in New York in Epstein's home. It was in Epstein's room (not the massage room). I was approximately sixteen years old at the time. I called Dershowitz "Alan." I knew he was a famous professor.

23. The second time that I had sex with Dershowitz was at Epstein's house in Palm Beach.

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CHAPTER 64

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Beach.

24. I also had sex with Dershowitz at Epstein's Zorro Ranch in New Mexico in the massage room off of the indoor pool area, which was still being painted.

25. We also had sex at Little Saint James Island in the U.S. Virgin Islands.

26. Another sexual encounter between me and Dershowitz happened on Epstein's airplane. Another girl was present on the plane with us.

27. I have recently seen Alan Dershowitz on television calling me a "liar." He is lying by denying that he had sex with me. The man I've seen on television, described as a former law professor, is the same man that I had sex with at least six times. Dershowitz also knows that Epstein had sex with other underage girls and lent me out to other people, but he is lying and denying that. . . .

28. After years of abuse and being lent out, I began to look for a way to escape. I had first gone into Epstein's household because I wanted to be a massage therapist. Epstein had taken me into his clutches through promises and talk and for some time I believed him. But once he had me under his control, regardless of my doubts and fears, I felt trapped.

29. I kept asking Epstein for my promised training and education. Epstein finally got me a plane ticket to Thailand to go to Chiang Mai to learn Thai massage. This sounded like my chance to escape. In September 2002, I packed my bags for good. I knew this would be my only opportunity to break away.

30. On September 27, 2002, I flew from JFK in New York to Chiang Mai, Thailand. I arrived around September 29 for my training. But Epstein was going to get something out of

HOUSE_OVERSIGHT_022142

this trip as well. I was supposed to interview a girl and bring her back to the United States for Epstein.

31. [Left blank in the original]

32. I did the massage training in Chiang Mai. While I was there, I met a great and special guy and told him honestly what I was being forced to do. He told me I should get out of it. I told him that the people I was working for were very powerful and that I could not walk away or disobey them without risking serious punishment, including my life. He told me he would protect me. I had confidence [in] him and I saw his love and help as my opportunity to escape and to be with someone who truly loved me and would protect me. I married him and flew to Australia.

33. I called Epstein and told him I was not coming back. He asked why? I said "I've fallen in love." Epstein basically said "good luck and have a good life." I could tell he was not happy. I was afraid of what he was going to do to me. I thought he or one of his powerful friends might send someone to hurt me or have me killed.

34. From that point onward, out of concern for my safety and general well-being, I stayed in Australia with my husband. I was in Australia from late 2002 to October 2013. To be clear, I was never in the United States during these years, not even for a short trip to visit my mother. And my absence from the United States was not voluntary—I was hiding from Epstein out of fear of what he would do to me if I returned to the United States.

35. In around 2007, after not hearing from anyone for years, out of the blue I was contacted by someone who identified himself with a plain sounding name and claimed he was

with the FBI. It seemed ve
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who this person was and
tell what was going on.

36. This man said he
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with the FBI. It seemed very odd for someone doing an official criminal investigation to just call up on the phone like that. I hadn't heard Epstein's name for years. I didn't know who this person was and what it was really about. I couldn't tell what was going on.

36. This man said he was looking into Jeffrey Epstein. The man asked if I had been involved with Epstein. My first instinct was to say nothing because I wasn't sure he was really with the FBI or any authorities. I answered a few basic questions, telling him that I knew Jeffrey Epstein and had met him at a young age. But the conversation didn't feel right. This man never offered to come and meet with me in person. Instead, he asked me right off the bat about Epstein's sexual practices. I thought it would be strange for a true law enforcement officer to behave that way, so I became increasingly uncomfortable and suspicious about who was actually calling me.

37. I told the man nothing more about Epstein. The conversation probably didn't even last three minutes, but it immediately triggered all of the fears of Epstein and his powerful friends that had caused me to escape in the first place. If the call accomplished anything, it only put me back in a state of fear and told me that I could be found quite easily and had nobody officially protecting me.

38. I suspected that the man who called me was working for Epstein or one of Epstein's powerful friends. I believed that if this was really an agent who was investigating Epstein, he would have known who I was and how I fit into Epstein's sexual crimes in many different places. He would have interviewed me in a way that would have established his credentials

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and would have shown how he could provide potential protection from Epstein. That never happened.

39. Getting a call from this supposed FBI agent made me scared all over again. I had left the old life of sexual slavery behind me and started a new life in a new country in hopes that the powerful people whose illegal activities I knew all about would never find me.

40. Shortly after this purported FBI call, I was contacted by telephone by someone who appeared clearly to be working for Epstein. The caller told me about an investigation into Epstein and said that some of the girls being questioned were saying that Epstein had had sexual contact with them. After they made these allegations, the man said they were being discredited as drug addicts and prostitutes, but in my case, if I were to keep quiet, I would "be looked after." The fact that this call was made shortly after the supposed FBI call reinfor[c]ed my concern that the man I had talked to earlier was not really working for the FBI but for Epstein. I didn't think that the FBI and Epstein would both be working together and would both get my phone number at almost exactly the same time. I played along and told this person that I had gotten a call from the "FBI" but that I didn't tell him anything. The person on the phone was pleased to hear [that].

41. A short time later, one of Epstein's lawyers (not Alan Dershowitz) called me, and then got Epstein on the line at the same time. Epstein and his lawyer basically asked again if I was going to say anything. The clear implication was that I should not. The way they were talking to me, I was afraid of what would happen if I didn't keep quiet. My thought was

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that if I didn't say what they wanted me to say, or not to say, I might get hurt.

42. I promised Epstein and his lawyer that I would keep quiet. They seemed happy with that and that seemed to me to [be the] way to keep me and my family safe. And I did what Epstein and his lawyer told me. I kept quiet.

This declaration, stricken from the record by the judge in the victims' lawsuit against the government, also set in motion events that led to Dershowitz's and Roberts's lawyers becoming involved in spectacular lawsuits, which included a complaint by Dershowitz that these allegations were false and had defamed him, and a complaint by Edwards that Dershowitz's accusations against him were false and defamatory.

HOUSE_OVERSIGHT_022146

CHAPTER 65

Alan Dershowitz: October 2015

About fifteen minutes into the ripped-from-the-headlines episode of *Law & Order: SVU* that was inspired by the Jeffrey Epstein saga, the plot takes an interesting turn: before officers have a chance to arrest him, Jordan, the character modeled on Epstein, shows up at SVU headquarters.

The twelve-year-old French girl raped *him*, Jordan says.

Wearing a monogrammed fleece pullover like the ones favored by Jeffrey Epstein, he describes an evening at home.

"The party was in full swing," he explains. "A friend said she wanted to give me a *special* present. Told me to wait in my massage room—"

An SVU guy interrupts: "Guy has a massage room?"

"I suffer from chronic back pain," Jordan says.

"While I was waiting, I fell asleep. Now, at first I thought I must be dreaming. I was aroused. I felt myself being manually

manipulated. Then I reme
enjoy myself. But then it g
eyes."

"What did you see?"

"A woman. A woman I'

"A woman? Dominique

"It was dark. I just wan

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"No. She *threatened* me.
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But the plot twist that
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Dershowitz had counters
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CHAPTER 65

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Guy has a massage room?"
k pain," Jordan says.
ell asleep. Now, at first I thought I
used. I felt myself being manually

manipulated. Then I remembered it was my present. I started to enjoy myself. But then it got rough, and that's when I opened my eyes."

"What did you see?"

"A woman. A woman I'd never seen before."

"A woman? Dominique Moreau was *twelve!*"

"It was dark. I just wanted her off of me. I tried to stop her."

"But the twelve-year-old overpowered you?"

"No. She *threatened* me. She said if I didn't let her . . . continue, she was going to scream 'Rape.' "

"And there was nothing that you could do? You've got forty years and a hundred pounds on the girl."

"The party was going on right outside the door. I knew how this was going to look. I was naked. She was naked. What could I do?"

It was a brilliant plot twist—one that ultimately allowed Jordan to get off scot-free.

But the plot twist that Epstein's own story ended up taking on the day of Alan Dershowitz's deposition at a Broward County, Florida, courthouse was even more surprising.

"There was a criminal extortion plot," Alan Dershowitz told Brad Edwards and Paul Cassell's lawyer, Jack Scarola, on October 15, 2015.

"Your clients were involved."

Bradley and Cassell had sued Dershowitz in Broward County for defamation—payback for extremely negative comments the law professor had made in the media.

Dershowitz had countersued. His reputation was on the line, and he had come armed for battle.

HOUSE_OVERSIGHT_022148

"I'm thrilled they sued me," he'd told reporters. "In the end, someone will be disbarred. Either it will be me or the two lawyers."

But if Dershowitz was swinging for the fences in his struggle to keep his hard-earned reputation afloat, he still had a bombshell to drop. When deposed by Scarola, he proposed his own theory about why Virginia Roberts had named him, along with Prince Andrew, as one of the men who had sexually abused her at Epstein's New Mexico ranch, in New York City, and in Palm Beach.

A theory that implicated the lawyers who were suing *him* in a much larger conspiracy.

According to Dershowitz, Brad Edwards pressured Virginia Roberts into identifying Dershowitz as one her assailants.

Dershowitz said that Edwards did this so that they could blackmail Jeffrey Epstein's patron Leslie Wexner for one *billion* dollars.

Roberts lied about him, Dershowitz maintained, to give Wexner an idea of what would happen to him if Edwards's demands weren't met.

Furthermore, Dershowitz said, he had *proof*.

Excerpts from the Deposi
October 15, 2015

9:46 a.m.

Q: In an interview with Hala
broadcast on *CNN Live*, yo
Do you acknowledge havir

A: I have a superb memory, sc
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Dershowitz maintained, to give
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aid, he had *proof.*

CHAPTER 66

Excerpts from the Deposition of Alan Dershowitz: October 15, 2015

9:46 a.m.

Q: In an interview with Hala Gorani on January 5 of this year, broadcast on *CNN Live*, you said, "I have a superb memory." Do you acknowledge having made that statement?

A: I have a superb memory, so I must have made that statement. My mother had an extraordinary memory, and when I was in college and I was on the debate team, my mother allowed me to debate on the Sabbath, which was Jewish rest day, only on the condition that I not take notes or write. And at that point I discovered that I have a very good memory and don't have to—generally didn't have to take notes. My memory, obviously, at the age of seventy-seven has slipped a bit; but do I have a very good memory, yes.

HOUSE_OVERSIGHT_022150

* * *

10:18 a.m.

Q: Which of my clients are you swearing under oath encouraged Virginia Roberts to include allegations of an encounter with you at the New Mexico ranch?

A: Both of them—both of your clients, both Judge Cassell and Mr. Edwards—were both involved in encouraging [their] client to file a perjurious affidavit that they knew or should have known was perjurious recently when they sought to file another defamatory allegation in the federal proceeding.

Q: Was the arrangement such that what you are charging Bradley Edwards and Professor Paul Cassell with doing was suborning perjury?

A: Absolutely. If you ask me the question, I am directly charging Judge Cassell and Bradley Edwards with suborning perjury. I have been advised that Virginia Roberts did not want to mention me, told her friends that she did not want to mention me. And was, quote, pressured by her lawyers into including these totally false allegations against me. Yes, your clients are guilty of suborning perjury.

Q: Who told you that Bradley Edwards pressured Virginia Roberts into falsely identifying you?

A: A friend of Virginia Roberts who called me out of the blue and told me that she was horrified by what was happening to me and that she recently had meetings with Virginia Roberts and Virginia Roberts had told her that she never mentioned me previously. That the lawyers pressured her into mention-

ing me. And mentioni
me, yes.

10:20 a.m.

Q: What was the name of
A: Her name is—her first
Q: Yes.
A: I don't know the last na
Q: Did you attempt to find
A: I have her last name wr
Q: Where?
A: It's in my—in my notes
Q: When did you write Reb
A: When she—when she f
since you've asked me th

At first her husband a
would not give me their n
had a series of phone co
please, to tell me their na
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her. Called her as recently

I want to recall—I do
I called her twice last ni
reveal her complete name
and I will be happy to give
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ing me. And mentioning me over her desire not to mention me, yes.

10:20 a.m.

Q: What was the name of the person?
A: Her name is—her first name is Rebecca.
Q: Yes.
A: I don't know the last name.
Q: Did you attempt to find out her last name?
A: I have her last name written down, but—
Q: Where?
A: It's in my—in my notes. And I could get it for you....
Q: When did you write Rebecca's name down?
A: When she—when she first called me—let me be very clear, since you've asked me the question.

At first her husband and she called me on the phone. They would not give me their names. But they told me [the] story. We had a series of phone conversations in which I asked them, please, to tell me their names. And after a period of time, after they told me the story in great detail, she was willing to give me her name. She asked me to promise that I would not disclose her identity without her permission. I have been trying to call her. Called her as recently as this morning and last night.

I want to recall—I don't think I called her this morning. I called her twice last night to try to get her permission to reveal her complete name and identity. But I have the name, and I will be happy to give it to you. I just don't have it off the top of my head.

HOUSE_OVERSIGHT_022152

* * *

10:23 a.m.

Q: Would you tell us how many phone conversations [you had] with this person Rebecca?

A: More than six. Probably between six and ten, maybe closer to ten. The first few [times] she called me, and after I got their number I called her a number of times.

Q: What is her husband's name?

A: Michael. Different last name from hers, but again.

Q: Where do they live?

A: Palm Beach. Or West Palm Beach, in the Palm Beach area. They have been friends of Virginia Roberts since she was a young child.

Q: Were there any witnesses to any of these phone conversations other than Rebecca, Michael, and you?

A: Yes.

Q: Who?

A: My wife.

Q: When did the first conversation occur?

A: I can probably get you specific information about that. But it was months ago. When the story was in the newspapers, she called and related the entire story to me and related to me that it was part of a massive extortion plot.

10:25 a.m.

Q: Did you take contemporaneous notes of those phone conversations?

A: No. I took note of na
stance, no.

Q: Have you ever made n
any communications t
and/or Michael?

A: I didn't "allegedly" have
versations. And I don't
tions.

10:44 a.m.

Q: How many phone calls d
before she informed yo
ing you?

A: She informed me the firs

Q: The very first conversati

A: Yes.

Q: How many phone calls w

A: She never asked me for n

Q: How many phone calls v
for money?

A: I was never asked for mo

Q: Do you know how it is t
tact you?

A: They told me they went
and left a message for me
Oh, no; they sent me—th
an e-mail and asked me—
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neous notes of those phone conver-

A: No. I took note of names, but not really notes of the substance, no.

Q: Have you ever made notes with regard to the substance of any communications that you allegedly had with Rebecca and/or Michael?

A: I didn't "allegedly" have these conversations. I had these conversations. And I don't recall taking notes of those conversations.

10:44 a.m.

Q: How many phone calls did you have with this person Rebecca before she informed you as to the reason why she was calling you?

A: She informed me the first time.

Q: The very first conversation.

A: Yes.

Q: How many phone calls was it before she asked you for money?

A: She never asked me for money.

Q: How many phone calls was it before her husband asked you for money?

A: I was never asked for money, ever.

Q: Do you know how it is that these people knew how to contact you?

A: They told me they went to my website and got my number and left a message for me to call. Yeah, that's what happened. Oh, no; they sent me—they went on my website and sent me an e-mail and asked me—and the e-mail had a blank name but a way to respond. And so I responded with my phone

HOUSE_OVERSIGHT_022154

number and they called, is my recollection. That's my best recollection.

10:45 a.m.

Q: So from the very first conversation that you had with this person, you had information indicating that this person was informing you that Bradley Edwards had engaged in unethical conduct, correct?

A: Let me just be very clear what she said to me. She said to me that she had been told directly by her friend Virginia Roberts, who stayed with her overnight for a period of time, that she never wanted to mention me in any of the pleadings. And that her two lawyers in the pleadings, or her lawyers who filed the pleadings, pressured her into including my name and details.

Q: Did Rebecca ever suggest to you that the details sworn to by Virginia Roberts were false?

A: She certainly suggested that, yes. She mentioned to me that Virginia Roberts had never, ever mentioned [me to her], among any of the people that she had had any contact with, until she—until she was pressured into doing so by her lawyers, yes.

Q: So from the very first conversation, the impression you had was that this was a witness who could provide information that Bradley Edwards and Paul Cassell had acted unethically and dishonestly, correct?

A: I wasn't sure she could provide the information because she was very reluctant to come forward. She didn't want to be

involved. But I knew sh
yes, but I didn't know, a
prepared to be a witne
question.

11:08 a.m.

Q: Was any request made b

A: Yes.

Q: Let me back up then, if I
you to do, based upon yo
much detail as you poss
said....

A: I'm not sure the request f
or the second call.... Th
like to talk to your wife [I
down. I'm happy to talk
that they would think—
her to think about it. An
few days and find out wh
were.

Q: Where were you when
when you made this phon

A: I think I was in New York

Q: Do you know whether th
phone or a landline?

A: I don't remember.

Q: Have you attempted to gat
poses of responding to dis

HOUSE_OVERSIGHT_022155

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ne forward. She didn't want to be

involved. But I knew she had provided me with information, yes, but I didn't know, and I still don't know, whether she is prepared to be a witness. I don't know the answer to that question.

11:08 a.m.

Q: Was any request made by you for a meeting?

A: Yes.

Q: Let me back up then, if I could, please. Because what I want you to do, based upon your superb memory, is to tell us in as much detail as you possibly can recall everything that was said....

A: I'm not sure the request for the meeting came in the first call or the second call.... The first call was basically, I'd really like to talk to your wife [Rebecca] about this. I'm happy to fly down. I'm happy to talk to you on the phone. And we left it that they would think—that she would—that he would ask her to think about it. And that I could call back in a—in a few days and find out what her—what her current feelings were.

Q: Where were you when you received this phone call—or when you made this phone call? Sorry.

A: I think I was in New York.

Q: Do you know whether that phone call was made on a cell phone or a landline?

A: I don't remember.

Q: Have you attempted to gather your telephone records for purposes of responding to discovery requests in this case?

HOUSE_OVERSIGHT_022156

A: I left that to my lawyers. I know that we did produce telephone records during the relevant periods of time when Virginia Roberts knew Jeffrey Epstein, and those telephone records established that I could not have been at the locations and at the times that Virginia Roberts claimed to have had—falsely claimed to have [had] sexual contact with me.

Q: I promise you we're going to get to those.

A: Good.

Q: Promise you. Along with all the flight logs that you claim exonerate you.

11:11 a.m.

Q: Let's go to the very second contact that you had with either Michael or Rebecca. Who initiated the second contact?

A: I think I did. I called and got Michael on the phone.

Q: Where did you call from?

A: I think New York.

Q: Tell me in as much detail as your superb memory allows you to recall everything that was said during the course of that phone conversation.

[Dershowitz's lawyer]: Let's object to the form and the continued use of the word *superb*. He's described his memory. That's your characterization. Go ahead.

Q: No, I think that that was Mr. Dershowitz's characterization, which I have adopted.

[Lawyer]: Okay. Go ahead.

A: I called, spoke to Michael. I asked Michael if he had spoken to his wife. She said yes, and she was still reluctant to talk to me.

Q: I'm sorry—she said yes
spoken to his wife?

A: He said yes. And that sh
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She then told me that
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asked Michael if he had spoken to
he was still reluctant to talk to me.

Q: I'm sorry—she said yes when you asked Michael if he had spoken to his wife?

A: He said yes. And that she was still reluctant to talk to me. I suggested to him that perhaps she could talk to me briefly just so that she hears what I have to say. And he could listen and remain on the phone, and she could stop at any time she wanted. And there came a time during that conversation when she did get on the phone, and here's what she told me. She said she had grown up with Virginia Roberts. That they were very, very close friends as young people. That Virginia Roberts came to stay with her for a number of days, I think it was over Halloween, and they had gone out and had dinner, just the two of them. And that she confided in her; Virginia Roberts confided in Rebecca that she had never wanted to mention me in any of the pleadings, but she was pressured by her lawyer into doing so. Rebecca then said that I was not the object of this effort. The object of the effort was a billionaire who lives in Columbus, Ohio, and who owns Victoria's Secret and Limited Too. Rebecca told me she did not know the name of that billionaire, but that Virginia and her lawyers hoped to get one billion dollars, b-i-l-l-i-o-n, one billion dollars, or half of his net worth, from him by alleging that he had improperly engaged in sexual misconduct with Virginia Roberts. That money would be divided three ways: a third of it to Virginia Roberts, a third of it to a charity that she and her lawyers were setting up for battered women, and a third of it to the lawyers.

She then told me that they were trying to get ABC News to interview Virginia Roberts so as to give her credibility in order to pressure the billionaire from Columbus, Ohio, into

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paying a large sum of money. And that I was named as an effort to try to show the billionaire what could happen to somebody if they were accused of sexual misconduct. And that would encourage him to settle a lawsuit or pay money in exchange for his name not being mentioned or revealed. I had no idea about this. And I didn't—I didn't ask about this. She just stated this. And I then corroborated the fact that she was absolutely correct in everything she had said to me.

Q: You corroborated the fact that she was absolutely correct in everything that she had said to you?

A: That's right.

Q: How?

A: Okay. Let me answer that question. I was very—I wasn't sure, so I called Leslie Wexner. I got his wife on the phone, Abigail Wexner. Obviously I knew that the only billionaire in Columbus, Ohio, who owned Limited Too and who owned Victoria's Secret was Leslie Wexner. I had met Leslie Wexner on two occasions, I think, and his wife. I called Abigail on the phone and I said, "I think you ought to know that there is an extortion plot being directed against your husband by unscrupulous lawyers in—in Florida." And she said, "Oh, we're aware of that; they've already been in contact with us," which surprised me. But [her statement] was confirmation of that. I then also—I can't give you the chronology of that. I then was in touch with ABC and found out she was absolutely correct about her efforts to try to get interviewed on ABC television. In fact, I learned that your client, Brad Edwards, had sent a communication to people in the area urging them to watch her interview that was scheduled to be on three television programs. If I'm not mistaken, it was [the] *Good Day Show,*

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the evening news, and the show *Nightline*. . . . I then was in communication with ABC and helped to persuade them that they would be putting false information on the air if they allowed Virginia Roberts to tell her false story. So I was able to corroborate that. I then also corroborated the fact that she had never mentioned me when her boyfriend appeared on television and publicly stated that she had never mentioned me in any of her description[s] of people who she had sexual contact with. So I was then completely satisfied that Rebecca was telling me the complete truth. And that in my view, there was an extortion plot directed against Leslie Wexner, a criminal extortion plot directed against Leslie Wexner, and that your clients were involved in that extortion plot.

11:30 a.m.

Q: Let's see if we can make sure that we're understanding one another, sir. Do you recognize that there's a distinction between Virginia Roberts having met you, having been sexually abused by you on multiple occasions, but not wanting to name you as opposed to Virginia Roberts never having met you and never having been sexually abused by you . . . ? Are those two things different in your mind?

A: Not in the context of this case. Because Virginia Roberts said that she was going to seek justice from everybody that had abused her. And if she didn't want to name me, I think the inference is inescapable that I was not among those people that she had had any sexual contact with. So that was certainly the inference I drew. . . .

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* * *

11:35 a.m.

Q: Who are the people that Rebecca says Virginia had previously told her that Virginia was abused by?

A: I never asked her that question.

Q: Did you ask her was Les Wexner one of the people that abused Virginia?

A: I told you I never asked her the question.

Q: Are you aware that years before December of 2014, when the CVRA pleading was filed, that your name had come up repeatedly in connection with Jeffrey Epstein's abuse of minors, correct?

A: I am aware that never before 2014, end of December, was it ever, ever alleged that I had acted in any way inappropriately with regard to Virginia Roberts, that I ever touched her, that I ever met her, that I had ever been with her. I was completely aware of that. There had never been any allegation. She claims under oath that she told you that secretly in 2011, but you have produced no notes of any such conversation. You, of course, are a witness to this allegation and will be deposed as a witness to this allegation. I believe it is an entirely false allegation that she told you in 2011 that she had had any sexual contact with me. I think she's lying through her teeth when she says that. And I doubt that your notes will reveal any such information. But if she did tell you that, she would be absolutely, categorically lying. So I am completely aware that never—until the lies were put in a legal pleading at the end of December 2014, it was never alleged that I had any

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sexual contact with Virginia Roberts. I know that it was alleged that I was a witness to Jeffrey Epstein's alleged abuse, and that was false. I was never a witness to any of Jeffrey Epstein's sexual abuse. And I wrote that to you, something that you have falsely denied. And I stand on the record. The record is clear that I have categorically denied I was ever a witness to any abuse, that I ever saw Jeffrey Epstein abusing anybody. And—and the very idea that I would stand and talk to Jeffrey Epstein while he was receiving oral sex from Virginia Roberts, which she swore to under oath, is so outrageous, so preposterous, that even David Boies [a prominent lawyer associated with the firm representing Virginia Roberts] said he couldn't believe it was true.

12:24 p.m.

Q: You engaged in a mass-media campaign to convince the world that Bradley Edwards and Professor Paul Cassell were unethical lawyers who had fabricated false charges against you, correct?

A: No, that's not correct. I responded to press inquiries by telling the truth. My goal was to let the world know that Virginia Roberts's allegations against me were totally false. These two stories appeared, as far as I can tell, in every single newspaper in the world and on every media, which was part of their plot and the plan of your clients, which is why they absurdly mentioned Prince Andrew, claiming in the most absurd way—that they mentioned him because he was trying to lobby prosecutors to get a reduced sentence for Jeffrey

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Epstein; they obviously put Prince Andrew in there in order to get massive publicity around the world. And every media in the world, practically, called me, from the BBC to CBS to ABC to CNN, and I responded to lies with the truth.

Q: And the truth that you attempted to convey was that Bradley Edwards and Professor Paul Cassell were unethical lawyers who fabricated false charges against you, right?

A: The truth that I intended to convey was that the charges against me were false and fabricated, that I never had any sexual contact—

Q: Fabricated by whom, sir?

A: Please don't interrupt me. . . . that I never had any sexual contact with Virginia Roberts. Because Professor Cassell insisted on conveying to the public that he was a former judge and that he was a professor and that he was using—improperly, in my view—the stationery and name of his university to add credibility to his claims, I felt that it was imperative for me to indicate that he was engaging in improper and unethical conduct. It would have been improper for me to have allowed his use of his credibility as a former federal judge, as a professor who uses, misuses, his university imprimatur—it was very important for me to attack the credibility of the messengers of the false information. And it was important for me to also remind the public that Bradley Edwards was a partner of [Scott] Rothstein, a man who is spending fifty years in jail for fraudulently creating a Ponzi scheme to sell Jeffrey Epstein cases that didn't exist.

Scott Rothstein: 2009

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CHAPTER 67

Scott Rothstein: 2009

Scott Rothstein was a flashy Fort Lauderdale ex-lawyer who parked his collection of cars in an air-conditioned warehouse, kept a copy of the Torah on his desk, and hung a portrait of Al Pacino as Michael Corleone outside his office. One of his nicknames was TPOFD, short for "the Prince of Fucking Darkness," and in private, he'd say things like: "Understand that the repercussions of engaging me could open the gates of hell. Understand that I am capable of evil far beyond anything your imagination could ever conjure up."

Rothstein hosted receptions for prominent politicians—John McCain, Bobby Jindal, Arnold Schwarzenegger—and handed out hundreds of thousands of dollars at a time in campaign contributions. He gave millions more to charitable institutions: the Joe DiMaggio Children's Hospital; the American Heart

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Association. By all outward appearances, he could afford it: seventy lawyers worked in his firm, which had offices in Florida, New York, and Venezuela. But Rothstein's millions actually came from a $1.2 billion Ponzi scheme he'd been running since 2005.

In April of 2009, Bradley Edwards joined Rothstein's firm. The lawyer brought his papers along, and Rothstein showed those pertaining to Epstein to potential investors. In exchange for a lump sum up front, Rothstein said, investors would receive a far larger chunk of money later, which Epstein would pay in future settlements.

Edwards and Rothstein both say that Edwards had no knowledge whatsoever of the Ponzi scheme. (Prosecutors, and the Florida Bar, agree.) Edwards left as soon as he caught wind of the scheme, in November of 2009. But the few months he spent in Rothstein's company gave Dershowitz the opening he needed to pry open Virginia Roberts's accusations.

It was at Edwards's insistence, Dershowitz would say, as well as Paul Cassell's, that Virginia Roberts added Dershowitz's name to the list of men she claimed had abused her.

According to Dershowitz, he'd been pulled into a billion-dollar extortion plot Edwards had hatched. And for Edwards and Cassell, there had been a secondary benefit: Dershowitz had helped to work out Epstein's confidential non-prosecution agreement with the government. By implicating him directly in Epstein's abuse of underage women, Dershowitz claimed, Edwards and Cassell were trying to "open up" that agreement.

It might have been a Hail Mary pass on the part of Alan Dershowitz.

But the argument had its own internal logic.

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The idea that Bradley Edwards and Paul Cassell were trying to blackmail *Leslie Wexner*—blackmail him for one *billion* dollars, no less—sounds highly improbable. But we do know for a fact that Edwards had worked with Rothstein—a man who'd been running his own billion-dollar con.

Edwards may not have known that Rothstein was taking his files on Jeffrey Epstein and showing them to investors. But Edwards's *proximity* to Rothstein didn't look good. It may not have been as damaging as Dershowitz's close friendship with Epstein, but it was damaging nonetheless. It gave Dershowitz the opening he needed to make his argument. And the genius of Dershowitz's argument was that it wasn't necessarily predicated on an actual plot to blackmail Wexner. Maybe the thing Edwards was really after was the idea that *a lawyer who helped work out Epstein's non-prosecution agreement* was also having sex with Virginia Roberts. That *would* give Edwards leverage in trying to crack the agreement open. And in that case, was it so hard to imagine him pressuring Virginia Roberts to add Dershowitz's name to the list?

Perhaps it wasn't, in this scenario. Virginia would have still felt reluctant to mention Dershowitz. If she was, there was the matter of the three hundred million dollars, and then some, that she would stand to gain. And the three hundred million or so that goes to set up a charity for battered women? If the scenario Dershowitz had thrown out was true, that would have been a genius move on Edwards's part—the sort of detail that helps the whole psychological picture fall into place. If Virginia felt guilty for lying about Dershowitz, she could think of the thousands of battered women she'd end up helping.

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All these possibilities seemed bizarre. And yet *everything* connected with Epstein's story seemed to be bizarre.

Bill Clinton got the use of a jet out of Epstein—a trip to Africa. But he and Epstein weren't bosom buddies.

As for Prince Andrew, we already know how he feels about women.

But what did Dershowitz get out of Epstein, aside from Epstein's wise counsel on all the books he'd written?

One advantage Dershowitz had, as he laid out his argument, was that when it came to Jeffrey Epstein, all bets were off. He didn't have to establish his innocence. All he had to do was make sure that the waters stayed muddy. The more complicated things seemed to be, the better they were for Dershowitz.

Thanks to Jeffrey Epstein's actions, and the endlessly complicated cycle of suits and countersuits those actions inspired, those waters were very muddy indeed.

Scott Rothstein

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Scott Rothstein

On October 27, 2009, Florida's governor, Charlie Crist, left Scott Rothstein a voice-mail message.

"Hey, Scott," the governor said. "It's Charlie, your favorite Greek governor. Hope you're doing well, buddy. Just wanted to touch base and let you know I'm working Versace for November twenty-fourth, and it is going amazingly well—unbelievable, brother. . . . Really enjoyed again seeing you and Kimmie and watch[ing] a little football and best to you guys from Carol and me. We love you. Take care. Bye-bye."

That same day, Rothstein took a chartered Gulfstream V to Casablanca, Morocco. For a while, it seemed as if Rothstein was running. But a few days later, the same Gulfstream returned to Fort Lauderdale. The Ponzi king had decided to turn himself in.

The moment he did, he started to sing like a canary in return for a lenient sentence. Rothstein gave up dozens of associates—the list included people at his law firm, law enforcement officers,

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and his own wife, Kimmie, who was arrested for hiding more than one million dollars' worth of jewelry.

All in all, more than thirty people involved in Rothstein's schemes were arrested and sentenced.

Thanks, in part, to his cooperation with the feds, his was the only Ponzi scheme in history in which all the victims recovered their money. In return, Rothstein was put into a witness protection program and is serving his fifty-year sentence anonymously, in an undisclosed prison location.

Alan Dershowitz

On November 10, 2015, Alan Dershowitz arrived at Shriver Hall, on the campus of Johns Hopkins University, in Baltimore, to talk about the Arab-Israeli conflict.

"The outlines for peace are so obvious," he said. "There has to be a two-state solution."

Fifteen minutes into the talk, a group of women—students belonging to a group called Hopkins Feminists—stood up in protest. Dressed all in black, with duct tape over their mouths, they held up a sign and marched out of the hall.

YOU ARE RAPE CULTURE, the sign read.

Afterward, a reporter for the student paper asked Dershowitz about Jeffrey Epstein and Epstein's victims. Wasn't it true that Dershowitz had implied that one of those victims was "asking for it?"

"I'm a defense attorney," Dershowitz replied. "I have an obligation under the Constitution to provide a full and zealous defense to my clients. If I have failed to do all the things you had just listed, I could be disbarred. I could be found incompetent as counsel."

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He asked the reporter, "Would any defense lawyer not look on the websites, look on social networks, find out what the woman who was accusing my client was doing? We were able to disprove many of the charges, just like how I was able to disprove the charges against me. Falsely charging somebody with rape is a heinous thing to do. First of all, it creates horrors for the person who has been falsely accused. Second, it so hurts real rape victims because it makes it clear that some women lie for money. Our country, unlike others, requires that everybody be defended, and I'm going to continue to do that whether my clients are guilty or innocent. Let me tell you, most of my clients have been guilty. They deserve a zealous defense just as anybody else. I'm very proud of what I did for Jeffrey Epstein. If people don't like the fact that I got a 'good deal,' that's the job I do."

The suits and countersuits Paul Cassell, Bradley Edwards, and Dershowitz filed against each other dragged on into the spring of 2016—reaching a crescendo with Dershowitz's argument about the plot to blackmail Les Wexner. But on April 8, all the parties involved agreed to settle, issuing a joint statement that read: "Edwards and Cassell acknowledge that it was a mistake to have filed sexual misconduct accusations against Dershowitz; and the sexual misconduct accusations made in all public filings (including all exhibits) are hereby withdrawn. Dershowitz also withdraws his accusations that Edwards and Cassell acted unethically. Neither Edwards, Cassell, nor Dershowitz have any intention of repeating the allegations against one another." Dershowitz also hired former FBI director Louis J. Freeh to do an independent investigation. Freeh concluded that the evidence

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his team reviewed refuted the accusations of sexual misconduct against Dershowitz.

For Alan Dershowitz, the long nightmare he'd had to endure as a result of his friendship with Jeffrey Epstein finally seemed to be over.

Ghislaine Maxwell

Trying to put her troubles with Epstein behind her, Ghislaine Maxwell took up a new calling.

"She's doing something to save the oceans now," a socialite says over the din of cocktail-party chatter at a private Palm Beach Club.

Maxwell's nonprofit, the TerraMar Project, describes itself as "a platform for citizenship and transformation of the high seas." Its focus is on cleaning up the eight million metric tons of plastic debris—garbage—that are dumped into the world's oceans each year. (Sources say that an earlier enterprise, the Seed Media Group, was funded by Jeffrey Epstein in 2005 to the tune of two million dollars.)

"Is anybody here staying awake at night because they're frightened about the ocean?" she asks in 2014 at a TEDx talk in Charlottesville, Virginia. "Are you scared about what could happen? Are you trying to think about what could you do that would help the ocean and all its myriad of troubles?"

But although her efforts on behalf of the environment are sincere and articulate, Ghislaine still appears in the society pages.

In 2010, she attends Chelsea Clinton's wedding in Rhinebeck, New York.

In 2014, New York journalist Richard Johnson reports that she's newly back from running in an Iditarod dogsled race in

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Upon her return, the president of the China Arts Foundation International hosts Maxwell at a dinner cooked by the former chef for Madame Chiang Kai-shek.

Sources say that Maxwell still maintains her warm relationship with the Clintons. She was never charged with a crime. And Maxwell has repeatedly denied all allegations made by Virginia Roberts—and continues to do so today. Through her lawyer, Maxwell says she's had no connection to any criminal misconduct involving Virginia Roberts (or any other young woman) and Jeffrey Epstein. She claims that Virginia's story about her experience as a "sex slave" has changed, significantly, over time—that with each telling, Virginia adds salacious details and names new public figures. Nevertheless, legal troubles for Maxwell recently began.

In 2015, Virginia Roberts filed a defamation suit against the woman she says recruited her to work at Epstein's house on El Brillo Way. In January of 2016, Roberts filed additional papers, claiming that a defamation suit filed against Bill Cosby, another alleged sexual predator, was directly relevant to her case against Maxwell. In March, Maxwell filed an answer in court denying all of Roberts's allegations and accusing Roberts of fabricating them for financial gain.

As of this writing, the suit is ongoing.

Prince Andrew

In January of 2016, Sunninghill Park—the twelve-bedroom estate that Sarah Ferguson and Prince Andrew once shared in the English county of Berkshire—was bulldozed.

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Prince Andrew had long since sold the home, which he and Sarah had received as a gift after their 1986 wedding. He got into hot water when it was revealed that the buyer, a Kazakh billionaire named Timur Kulibayev, had paid three million pounds more than the home's asking price.

For her part, Sarah Ferguson announced that she was moving into a thirteen-million-pound ski chalet in Switzerland.

It was a fitting end to the long, sometimes sordid story of the prince's marriage. But it was not the end of the scandals that seemed always to be swirling around the prince.

On January 2, 2015, Virginia Roberts's allegations about her relationship with the prince—and the photo of him with his arm around Roberts's waist—appeared in the press. Prince Andrew was forced to cut short a skiing holiday to confer with his mother, the queen, and to issue a statement denying Roberts's allegations—a step that was widely seen as being without precedent for a member of the royal family.

That same month, at the World Economic Forum in Davos, Switzerland, the prince was again forced to "reiterate and to reaffirm" the repeated denials made by Buckingham Palace that he had any sort of sexual relationship with Roberts, who had announced in papers filed at the start of the year that Prince Andrew has a "sexual interest in feet."

"My focus is on my work," Prince Andrew said at the time.

Asked by a reporter, "Will you be making a statement?" the prince refused to answer.

A few days later, Virginia Roberts signed a sworn statement in which she said, "I did have sexual contact with him as I have described here—under oath. Given what he knows and has seen, I was hoping that he would simply voluntarily tell the truth about

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According to several r
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Barry Krischer

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Barry Krischer said in 2016
asked about Jeffrey Epstein.

HOUSE_OVERSIGHT_022173

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everything. I hope my attorneys can interview Prince Andrew under oath about the contacts and that he will tell the truth."

According to several reports, Roberts's lawyers had written to the prince, asking him to respond to her allegations in court. Reportedly, Buckingham Palace refused delivery of the letter.

"I knew he was a member of the British royal family, but I just called him 'Andy,'" Roberts had said in her statement. "I got news from Maxwell that I would be meeting a prince. Later that day, Epstein told me I was meeting a 'major prince.' Epstein told me 'to exceed' everything I had been taught. He emphasized that whatever Prince Andrew wanted, I was to make sure he got."

Signing her name to the document, Roberts wrote, "I declare under penalty of perjury that the foregoing is true and correct."

That spring, Prince Andrew got a rare break: a federal judge in South Florida ordered that the allegations Roberts made be stricken from civil-court records. "At this juncture in the proceedings, these lurid details are unnecessary," the judge concluded. Once again, Buckingham Palace vehemently denied the prince's involvement in any activities, sexual or otherwise, pertaining to Roberts. But that same year, reports leaked that the BBC program *Panorama* was working on an in-depth investigation into the prince's dealings with Epstein and Roberts.

As of this writing, the investigation has yet to air.

Barry Krischer

"I have no intention of being dragged into that conversation," Barry Krischer said in 2016 when contacted via telephone and asked about Jeffrey Epstein.

HOUSE_OVERSIGHT_022174

More than a decade had passed since Epstein's case first landed on the state attorney's desk.

"The *New York Times* has called me," said Krischer. "The British papers. I'm not interested in being pulled into that conversation. I know that the police chief didn't think the case was handled right, but that's why he's a cop and I'm a prosecutor."

Krischer, who left the state attorney's office in 2009, is still a member of the Criminal Justice Commission in Palm Beach County. Since his retirement, he's volunteered one morning a week at the office of the state attorney and two mornings a week at the Palm Beach County Sheriff's Office.

He still remains active in child welfare issues, working with the Florida Department of Children and Families.

Despite his continued involvement with local law enforcement, he hasn't spoken to Michael Reiter in years.

Bradley Edwards

In December of 2009, Jeffrey Epstein filed suit, under Florida's RICO act, against Scott Rothstein, the jailed Ponzi king; Bradley Edwards, the lawyer who'd worked, briefly, in Rothstein's law firm, RRA, and represented several of Epstein's victims; and one of those victims, an individual referred to in the lawsuit as "L.M."

"Upon information and belief," the suit stated, "EDWARDS knew or should have known that ROTHSTEIN was utilizing RRA as a front for the massive Ponzi scheme and/or were selling an alleged interest or investment in the Civil Actions (and other claims) involving Epstein." The suit also claimed that, "By using

Civil Actions against EP
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Civil Actions against EPSTEIN as 'bait' and fabricating settlements regarding same, ROTHSTEIN and others were able to lure investors into ROTHSTEIN'S lair and bilked them of millions of dollars which, in turn, was used to fund the litigation against EPSTEIN for the sole purpose of continuing the massive Ponzi scheme."

Moreover, the suit claimed, L.M. had "testified she never had sex with Epstein; worked at numerous strip clubs; is an admitted prostitute and call girl; has a history of illegal drug use (pot, painkillers, Xanax, Ecstasy); and continually asserted the 5th Amendment during her depositions in order to avoid answering relevant but problem questions for her." (The suit made similar claims about two other victims.) According to the suit, L.M. had said only good things about Epstein when interviewed by the FBI in 2007, while being represented by another lawyer. Her story "changed dramatically," the suit claimed, once she was "in the hands of EDWARDS and RRA."

In a motion for summary judgment filed by Bradley Edwards, Edwards denied all of these allegations, calling Epstein's claims frivolous for two separate reasons: On the one hand, Edwards claimed, Epstein was seeking damages from Edwards while asserting his own Fifth Amendment privilege to block the discovery of relevant facts. (And, in fact, Epstein did plead the Fifth, dozens of times, when deposed by the lawyers of his victims.) On the other hand, Epstein's claims were "directly contradicted by all of the record evidence.

"The truth in the record is entirely devoid of any evidence to support Epstein's claims and is completely and consistently corroborative of Edwards's sworn assertion of innocence," the motion stated.

HOUSE_OVERSIGHT_022176

Put simply, Epstein has made allegations that have no basis in fact. To the contrary, his lawsuit was merely a desperate measure by a serial pedophile to prevent being held accountable for repeatedly sexually abusing minor females. Epstein's ulterior motives in filing and prosecuting this lawsuit are blatantly obvious. Epstein's behavior is another clear demonstration that he feels he lives above the law and that because of his wealth he can manipulate the system and pay for lawyers to do his dirty work—even to the extent of having them assert baseless claims against other members of the Florida Bar. Epstein's Complaint against Edwards and LM is nothing short of a far-fetched fictional fairy-tale with absolutely no evidence whatsoever to support his preposterous claims. It was his last ditch effort to escape the public disclosure by Edwards and his clients of the nature, extent, and sordid details of his life as a serial child molester. Edwards's Motion for Summary Judgment should be granted without equivocation.

Edwards filed a counterclaim for malicious prosecution. "He sued me with knowingly made up, falsified facts,' Edwards says.

And his sole motivation was to extort me into abandoning the legitimate cases I was pursuing against him on behalf of the victims, including the CVRA suit. He ultimately had to dismiss that case, literally on the morning our Summary Judgment was to be heard. I then sued him. We were set for trial. The judge granted me punitive damages in my claim. And then, in a separate case in Florida, one of the appellate

courts basically abolish
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Sarah Kellen

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In April of 2009, that a
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courts basically abolished the tort of malicious prosecution in Florida. My case was dismissed. I then appealed that. And our district ruled that my malicious prosecution claim can stand and the tort is not abolished in Florida. They sent it back to the trial court and Jeffrey Epstein appealed that to the State Supreme Court, and that's where that stands.

Sarah Kellen

"She said her name was Clara something on the rental application," says a real estate agent in Palm Beach. "It wasn't until much later that I realized she was associated with Epstein."

In April of 2009, that agent rented Clara a bungalow in Palm Beach. For Clara, that little home was a step down from Jeffrey Epstein's big house on El Brillo Way and from the life she'd known as Sarah Kellen. But not *such* a step down. "She signed a lease to pay four thousand dollars a month from April 18 through July 18, 2009," says a Palm Beach resident familiar with the local housing market. "But she stayed a lot longer. And by the way, she went on a round-the-world trip for at least a month while she had the lease."

Kellen had been a prime suspect in Chief Reiter's investigation. Prosecutors had considered charging her, Wendy Dobbs, and Nadia Marcinkova as potential coconspirators. They'd avoided those charges as part of the plea deal that Epstein had struck—a deal in the course of which it was suggested that if Epstein had to have pleaded to *something*, he could have pleaded to striking Kellen—or slapping her, once, on his jet. Assault, they'd have called it.

HOUSE_OVERSIGHT_022178

Kellen might have gone along with that. But in the end she didn't need to. Sources say she found another rich man as Epstein whiled away his hours in and out of the Palm Beach Stockade. She reinvented herself, and when her relationship with the wealthy man fell apart, she played the field until she met and married a race-car driver named Brian Vickers. Along the way she reinvented herself yet again, changing her name to Sarah Kensington.

Nadia Marcinkova

Nadia Marcinkova changed her surname to Marcinko and, after training at a Palm Beach flight school, became a commercial pilot and certified flight instructor. Calling herself Gulfstream Girl on Facebook, she cultivated her social media presence until 2013, when the Gulfstream company filed a trademark infringement lawsuit against her. When the suit was settled out of court, in 2014, Marcinko changed "Gulfstream" to "Global."

"As a child," she wrote for the "About Me" page on her website, "Nadia channeled her entrepreneurial spirit by selling invisible pets to neighboring kids. She continued on to manage a successful family marketing business and soon she was discovered by a modeling agency and immersed into the marketing and advertising world as a spokesperson and international fashion model."

There is no mention of Jeffrey Epstein. But on her YouTube channel, Marcinko appears in the cockpit of a Gulfstream II that looks very much like Epstein's Gulfstream, sitting beside a man who looks much like Larry Visoski, a pilot for Epstein.

Marcinko's Manhatta
Jeffrey Epstein's brother,
Sarah Kensington us

The Girls

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Marcinko's Manhattan address belongs to a building where Jeffrey Epstein's brother, Mark, owns the majority of apartments.

Sarah Kensington uses the same address in New York.

The Girls

One of the girls who gave Jeffrey Epstein massages moved to Los Angeles and became an actress, starring for a time in a soap opera and appearing in several films. She is now pursuing a career in country music.

Several girls have been arrested for drugs, prostitution, and other nonviolent crimes.

One girl is dead—murdered by her boyfriend for reasons that had nothing to do with Epstein.

One of the girls who claimed to have been raped by Epstein is now a successful real estate broker in South Florida.

Mary moved back in with her parents, finished high school, and attended college for a while. She had her ups and downs along the way. In 2010, she was arrested for shoplifting. But Mary, who was born in 1990, is still in her midtwenties—*still* young for a man of Jeffrey Epstein's age—with many good years ahead of her.

Wendy Dobbs studied nursing in college and became a bartender and waitress. "I want to fill a position in which I can [utilize] my communication and customer service skills to help others," she wrote on LinkedIn. "I feel I am at my best when I can make a difference in someone's life. My goal is to inspire and encourage others to make positive changes daily. If you are not reaching for the stars then your dreams are not big enough."

HOUSE_OVERSIGHT_022180

The Cops

Michele Pagan is now a sergeant for the Palm Beach Police Department.

In early 2012, at a reception at Mar-a-Lago, Detective Joe Recarey received the first Palm Beach Police Foundation Police Officer of the Year award—one of several honors he received in the course of his twenty-three-year career in Palm Beach. Two years later, he left the department and took a job as director of loss prevention for the Gold Coast Beverage company.

"I've been [at the Palm Beach Police Department] longer than my children have been alive," he told a reporter for the *Palm Beach Daily News* when he left. "I'm going to miss a majority of the people I've worked with, and, obviously, I'm going to miss the work. This is my extended family. Like many families, you have disagreements with some family members. But you overlook that, and you work together and you're a team. I'm going to look back and miss a lot of the people I've worked with."

Palm Beach police chief Michael Reiter left the department in 2008 after twenty-eight years on the job. He now runs his own security company in Palm Beach.

Jean-Luc Brunel

In January of 2015, Jean-Luc Brunel sued his old friend Jeffrey Epstein, claiming that Epstein's fall from grace had cost him millions of dollars in business and caused him "severe emotional stress."

The lawsuit claimed, "Plaintiff Brunel is emotionally destroyed

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Brunel is emotionally destroyed

as a result of Epstein's actions and the resulting effects on his business. He has been on medications to deal with the effects of this."

It continues: "Defendant Epstein recklessly inflicted emotional distress on Plaintiff Brunel by engaging in illegal conduct with under-aged girls, which was falsely linked to Plaintiff.... This illegal conduct was extreme and outrageous by any standard."

The suit went on to quote Brunel's doctor, who said that the modeling scout had gone into psychotherapy "due to a subjective sense of depression related to what he believes is a loss of business in his modeling agency as a result of slander published against his business." Brunel had gone on prescription drugs—Prozac, Rivotril—as a result.

The fashion world had frozen him out, he said, after his relationship with Jeffrey Epstein had become public. It had become impossible for him to find the "fresh faces" he needed for his agency, MC2.

Brunel acknowledged Epstein's alleged crimes but denied his own involvement. "Epstein's illegal activities were outrageous and extreme; they involved receiving massages from the under-aged girls while the girls were nude or nearly nude; penetration of the girls with a finger or object; or full intercourse."

When the *Daily Beast* reported the story and reached out to Brunel for a comment, the website's reporter was told, "Jean-Luc is not in town; he's in South America."

Brunel's agency, MC2, is still in business.

Jeffrey Epstein

As of this writing, Jeffrey Epstein continues to entertain young women at his Manhattan town house.

HOUSE_OVERSIGHT_022182

EPILOGUE

When John Connolly, Tim Malloy, and I began work on this book, I had hoped to interview Jeffrey Epstein myself: to look directly into the eyes of the man we'd be writing about. Epstein declined to sit for an interview. Many of his friends and associates did speak with us on the condition that they not be quoted. Several of them still liked Epstein and made a point of telling us what a loyal friend he was—although, like Icarus, he seemed to have a fatal flaw.

If Epstein had agreed to an interview, these are the questions I would have asked him:

- You pleaded guilty to a single felony count of soliciting prostitution from a minor. Do you believe in your heart that you were guilty?
- In 2011 you told the *New York Post*, "I'm not a sexual predator, I'm an 'offender.' It's the difference between a murderer and a person who steals a bagel." Do you stand by that statement today?

- Do you feel you w
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HOUSE_OVERSIGHT_022183

EPILOGUE

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- Do you feel you were treated fairly by the criminal justice system?
- What effect did your conviction have on your business?
- Do you believe that you've done psychological harm to the women—especially the underage girls—you've been involved with?
- Are you still in touch with Ghislaine Maxwell?
- Are you in touch with Prince Andrew?
- You've spent time with Bill Clinton as well as Donald Trump. How would you characterize the two men?
- Several people have described you as a very loyal friend. Is that a fair characterization?
- I've heard that Leslie Wexner removed all photographs of you from his home. Given how close you once were, have you reconciled or tried to repair the relationship?
- Did the thirteen months you spent in jail change you in any way?
- After your stay in prison, have you continued to seek the company of very underage women?
- You were ordered to undergo psychological treatment as part of your sentence. Are you under treatment today?
- Do you regard yourself as having a sex addiction, and, if so, have you been treated for it?
- What is your greatest regret?
- What do you look for in a woman?
- Last question. How well do you sleep at night?

HOUSE_OVERSIGHT_022184

ABOUT THE AUTHORS

James Patterson received the Literarian Award for Outstanding Service to the American Literary Community at the 2015 National Book Awards ceremony. He holds the Guinness World Record for the most number one *New York Times* bestsellers, and his books have sold more than 325 million copies worldwide.

John Connolly has been an investigative reporter for twenty-five years, the last twelve of them with *Vanity Fair*. He has written scores of nonfiction pieces for numerous national magazines.

Tim Malloy is a thirty-year veteran of print and television journalism. He has won eight Emmys as an investigative reporter, documentary maker, and war correspondent. He appears in print, on the Web, and on TV as a political analyst.

HOUSE_OVERSIGHT_022185

"I HAD BEEN HEARING HAIR-RAISING STORIES about Jeffrey Epstein for a couple of years. Our interests could not have been more different, but Palm Beach, where we both live, is small and tightly knit, and we knew some of the same people. So I had followed Epstein's case in the media and talked about it over dinners with friends. I wondered why it had taken so long for the Palm Beach police to catch up with Epstein. And, once they did, why he had served so little jail time. Those were the obvious questions, but there were others: How had Epstein made his money, possibly billions? No one seemed to know.

Epstein had powerful friends. Were his connections the reason that Epstein was now a free man? I wanted to know."

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9 780316 274050

From: [redacted] <[redacted]>
Sent: Thursday, October 13, 2016 6:08 PM
To: JEE
Subject: Fwd: CNN Inquiry

Importance: High

Fyi

Sent from my iPhone

Begin forwarded message:

> **From:** Melanie Hicken <hit-reply@linkedin.com>
> **Date:** October 13, 2016 at 8:03:22 PM GMT+2
> **To:** [redacted] <[redacted]>
> **Subject: CNN Inquiry**
> **Reply-To:** Melanie Hicken <59d7d715-38e6-4332-9945-5076dffc7f28@reply.linkedin.com>
>
> Hi [redacted],
>
> I'm a reporter at CNN, and my colleague Blake Ellis and I have read that Bill Clinton and Donald Trump have both visited Epstein's private island. We are trying to determine whether there is any truth to the allegations that either or both of these men may have had sexual relations with minors while there. We know that you have been Epstein's pilot, so we're wondering if you would be willing to speak with us completely off the record. We are not focusing on the allegations against Epstein -- we are solely focusing on Trump and Clinton given the current allegations being levied in the press.
>
> If you don't feel comfortable sharing anything via social media or email, feel free to send us any documentation/proof that might be helpful anonymously via mail:
>
> Melanie Hicken
> 6430 Sunset Blvd #300
> Los Angeles, CA 90028
>
> You can also reach us by phone: [redacted]
>
> Thanks so much,
> Melanie

Reply | Not interested

View Melanie's LinkedIn profile

You are receiving InMail notification emails. Unsubscribe

This email was intended for [redacted] ([redacted]). Learn why we included this.

If you need assistance or have questions, please contact LinkedIn Customer Service.

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From: [redacted] <[redacted]>
Sent: Friday, November 11, 2016 2:06 AM
To: jeffrey E.
Subject: Re:

Importance: High

I saw that, amazing.
I also think it's shocking she is 35 in the recent picture (if she was 13 in '94). She looks 20 years older.

From: jeffrey E. <jeevacation@gmail.com>
To: [redacted] <[redacted]>
Sent: Thursday, November 10, 2016 5:01 PM
Subject:

http://www.dailymail.co.uk/news/article-3914012/Troubled-woman-history-drug-use-claimed-assaulted-Donald-Trump-Jeffrey-Epstein-sex-party-age-13-FABRICATED-story.html

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please note
The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of JEE
Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to jeevacation@gmail.com, and destroy this communication and all copies thereof, including all attachments. copyright -all rights reserved

From: jeffrey E. <jeevacation@gmail.com>
Sent: Friday, January 9, 2015 7:00 PM
To: [redacted]
Subject: Re: we'll see

Importance: High

It was a first draft

On Friday, January 9, 2015, [redacted] > wrote:

Yes, let's do it. I like most of it. Would like less personal attacks and more reasons why allegations are ridiculous..

Love the fact checking story. Just a few days ago, I toyed with the idea of posting a photo of me doing a preflight inspection and saying I wished other professions would have that requirement before putting innocent people's lives at risk.

From: jeffrey E. <jeevacation@gmail.com>
To: [redacted]
Sent: Friday, January 9, 2015 1:44 PM
Subject: Re: we'll see

I only met Jeffrey Epstein, after I was adult. (over 18). I was never, ever, his " sex slave " . obviously a lurid chauvenistic categorization. which in my opinion could only have been made by some loser of a repressed male reporter. He was always kind , funny and generous to me . These fantasy fabrications made by a delusional thief. (charged with stealing from the burger place and which she worked, though she claimed to paid thousands of dollars in cash and held at the beck and call of the genious tycoon.) . Her story telling had it been done while sleeping would have been called dreaming, if awake, hallucinaitons but to the English press they are referred to as allegations . She claimed in the minutest of detail , her dinner with President Clinton on the Caribean Island, How he arrived . (by black heli). where he sat. ,(on jeffreys left.) a 21st century tale of power , sex , money . The fact is that this story is total make believe , fabricated on purpose to gain tabloid attention ,and easily refuted by readily availalble travel records of a former president. . it defies belief that any person would take seriously such a preposterous story. little different than her telling her father that she met the queen, whoops- he believed her though her mother at the relevant time complained that she must have been engaging in satan worship and asked that she be put her in a drug home. cmon. I am currenty a professional pilot with a spotless record. I have a checklist that I follow before every flight to verify that things are what they are supposed to be , checking her story which the presss has refused to do would serve the public well. In this case human error is merely a euphmisn for hijacking the truth ,

On Fri, Jan 9, 2015 at 2:10 PM, [redacted] wrote:

Apparently..

They are now asking how my parents bought a building in town...implying it was all the money they got for selling me :)
Getting ugly..

From: jeffrey E. <jeevacation@gmail.com>
To: [redacted]

Sent: Friday, January 9, 2015 12:50 PM
Subject: Re: we'll see

notable?

On Fri, Jan 9, 2015 at 1:44 PM, [redacted] wrote:

[redacted]

Definitely not gonna talk to the reporters. It doesn't feel right. Xoxoxo

Sent from Mobile

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--
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From: jeffrey E. <jeevacation@gmail.com>
Sent: Friday, January 9, 2015 7:19 PM
To: [redacted]
Subject: Re: we'll see

Importance: High

Normally it's the copilots job to call out [redacted], in this instance I'm calling her out)):

On Friday, January 9, 2015, [redacted] wrote:

I know, I like where it's going..

From: jeffrey E. <jeevacation@gmail.com>
To: [redacted]
Sent: Friday, January 9, 2015 1:59 PM
Subject: Re: we'll see

It was a first draft

On Friday, January 9, 2015, [redacted] wrote:

Yes, let's do it. I like most of it. Would like less personal attacks and more reasons why allegations are ridiculous..

Love the fact checking story. Just a few days ago, I toyed with the idea of posting a photo of me doing a preflight inspection and saying I wished other professions would have that requirement before putting innocent people's lives at risk.

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Sent: Friday, January 9, 2015 1:44 PM
Subject: Re: we'll see

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Getting ugly..

From: jeffrey E. <jeevacation@gmail.com>
To: [redacted]
Sent: Friday, January 9, 2015 12:50 PM
Subject: Re: we'll see

notable?

On Fri, Jan 9, 2015 at 1:44 PM, Nadia <nadja2102@yahoo.com> wrote:

[redacted]

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Sent from Mobile

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From: jeffrey E. <jeevacation@gmail.com>
Sent: Friday, January 9, 2015 9:03 PM
To: [redacted]
Subject: Re: we'll see

sexy cute

On Fri, Jan 9, 2015 at 4:50 PM, [redacted] wrote:

I know, cute,, just a joke about people's unique sensitivities. You must have heard many this week. How are You doing?

From: jeffrey E. <jeevacation@gmail.com>
To: [redacted]
Sent: Friday, January 9, 2015 3:15 PM
Subject: Re: we'll see

it was only meant as a pun on [redacted]

On Fri, Jan 9, 2015 at 3:26 PM, [redacted] <[redacted]> wrote:

I'm a pilot...I prefer sex slave to copilot ;)

From: jeffrey E. <jeevacation@gmail.com>
To: [redacted]
Sent: Friday, January 9, 2015 2:18 PM
Subject: Re: we'll see

Normally it's the copilots job to call out [redacted], in this instance I'm calling her out)):

On Friday, January 9, 2015, [redacted] wrote:

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To: [redacted]
Sent: Friday, January 9, 2015 1:59 PM
Subject: Re: we'll see

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Getting ugly..

From: jeffrey E. <jeevacation@gmail.com>
To: Nadia <nadja2102@yahoo.com>
Sent: Friday, January 9, 2015 12:50 PM
Subject: Re: we'll see

notable?

On Fri, Jan 9, 2015 at 1:44 PM, [redacted] wrote:

[redacted]

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Sent from Mobile

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From: jeffrey E. <jeevacation@gmail.com>
Sent: Tuesday, January 20, 2015 12:14 AM
To: [redacted]
Subject: your statement?

Importance: High

I have to hand it to [redacted] I'm sure she deserves the pretty penny she has made for her effort . She has certainly caught the imagination of a public hungry for salacious fiction. To suggest her story is anything other than that, a fiction , is ludicrous. Presidents at dinner on caribean islands. (clinton was never ever there, easy to confirm). Sharing a bath with a Prince (bathtub too small even for one adult). sex slave being paid thousands of dollars. (while at the exact same time, she was working as a hostess in a burger bar). being lent out to a prime minister though this prime mininster, never out of sight of his massive security detail also never visited the island, , sex on a small airplane with a famous lawyer while the other passengers must have been all looking out the window during the event . I would have thought that her fabrications were readilly apparent , but now , being asked to deny what the press has termed her " allegations " is frankly silly. ok, to play along I deny each and every allegation . The only person she didn't suggest she was forced to have sex with , was Bilbo Baggins. , maybe its in the sequel.

--

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From: Al seckel [[redacted]]
Sent: 12/11/2010 9:01:17 PM
To: Jeffrey Epstein [jeevacation@gmail.com]
Subject: Screen shot

Importance: High

This is a screen shot of a google search on your name taken about one minute ago, and this is BEFORE the next big sweep. I UNDERSTAND your point about "one thing kills me," but the daily beast article is gone, the other ones, including the powerful Huffington Post, are about to be pushed off. And, out stuff is on top.

Top of Form

Search

Instant is on

Bottom of Form

Web Images Videos Maps News Shopping Gmail more

Web History | Search settings | Sign in

Advanced search
About 324,000 results (0.21 seconds)

Search Results

1. **Jeffrey Epstein** - Wikipedia, the free encyclopedia
Jeffrey Edward **Epstein** (born January 20, 1953 in Coney Island, New York) is a Jewish-American financier and philanthropist. **Epstein** was raised in Coney ...
Philanthrophic Work - The Epstein Foundation - Promotion of Scientists
en.wikipedia.org/wiki/**Jeffrey_Epstein** - Cached - Similar

2. Images for **jeffrey epstein**
- Report images

3. **Jeffrey Epstein**: International Moneyman of Mystery
He's pals with a passel of Nobel Prize–winning scientists, CEOs like Leslie Wexner of the Limited, socialite Ghislaine Maxwell, even Donald Trump.
nymag.com/nymetro/news/people/n_7912/ - Cached - Similar

4. **Jeffrey Epstein** | Profiles in Science
Jeffrey Epstein presents some of the greatest minds and finest scientists working today.
www.**jeffreyepstein**science.com/ - Cached

5. **Jeffrey Epstein**, MD, FACS, Miami, New York Hair Transplant Surgeon
Dr. **Epstein** and the hair transplant surgeons at the Foundation for Hair Restoration are experts in the field of hair restoration. Dr. **Epstein** is one of the **...**
www.foundhair.com/pages/about.shtml - Cached - Similar

6. **Jeffrey Epstein** - Blackboard
Jul 21, 2010 **...** **Jeffrey** Edward **Epstein** in a hedge fund mogul and convicted sex offender from New York. Born in Coney Island, he attended Lafayette High **...**
www.businessinsider.com/blackboard/**jeffrey-epstein** - Cached

7. **Jeffrey Epstein**, Convicted Pedophile And Former Hedge Fund Titan **...**
Jul 21, 2010 **...** **Jeffrey Epstein**, the former hedge fund manager who pleaded guilty to soliciting an underage girl for prostitution, is now free of the **...**
www.huffingtonpost.com/.../**jeffrey-epstein**-disgraced_n_654674.html - Cached

8. **Jeffrey Epstein** on Sports
An old school look at today's sport's world focusing on professional basketball and football by**Jeffrey Epstein**.
www.**jeffreyepstein**sports.com/ - Cache d

9. **Jeffrey Epstein** | Philanthropy
Jeffrey Epstein has three main philanthropic and charitable organizations he uses to fund arts, sciences, research and other causes.
www.**jeffreyepstein**.org/ - Cached

10. About **Jeffrey Epstein**
Jeffrey Epstein is a financial mogul, hedge fund manager and philanthropist.
www.**jeffreyepstein**.org/about**jeffreyepstein**.html - Cached

Show more results from jeffreyepstein.org

11. Sex Offender **Jeffrey Epstein** Is Not A Billionaire - Billions **...**
Jeffrey Epstein, the underage massage king of Palm Beach, was back in the headlines this week: "Billionaire pedophile goes free," (Daily **...**
blogs.forbes.com/.../is-billionaire-sex-offender-**jeffrey-epstein**-all-that-rich/ - Cached

Searches related to **jeffrey epstein**

From: Jeffrey Epstein <jeevacation@gmail.com>
To: Al seckel <[redacted]>
Sent: Sat, December 11, 2010 12:31:16 PM
Subject:

the google page is not good.. after sept when you told me you thought it would take approx twenty thousand to clean up. and hopefully in time for nov 1. then another ten thsousand , and another ten thousand. and your emails about how you are all about results ,, then an emergency 2500 dollars to keep servers active , then you told me micahel didn't want to give his bank details.. your quote was he'd explode, that was after he was sent forty thousand dollars directly to his bank.. I have yet to have a complete breakdown of payments. and the results , are what they are,.

--
****
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Jeffrey Epstein
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From: Al seckel [redacted]
Sent: 12/16/2010 9:28:38 PM
To: Jeffrey Epstein [jeevacation@gmail.com]
Subject: Latest screen shot

Importance: High

This is the latest screenshot. Mike managed to knock out daily beast again. She is a pain and very very persistent. We managed to push Huffington post down near bottom and is about to be pushed off, but it would take a bit more work, and again, you have your active detractors out there. Just the way it is.

On the second page, we have replaced 8 toxic references with good ones, and there are four toxic ones left, which were pushed off the first page.

The science and org sites would have been placed higher if there was new content created and added.

Mike, however, is stopping work now on the project.

We need to talk about island asap, as they are bugging me for logistics.

Thanks.
me

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Web History | Search settings | Sign in

Advanced search
About 327,000 results (0.20 seconds)

Search Results

1. **Jeffrey Epstein** - Wikipedia, the free encyclopedia
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Philanthrophic Work - The Epstein Foundation - Promotion of Scientists
en.wikipedia.org/wiki/**Jeffrey_Epstein** - Cached - Similar
▶
2. Images for **jeffrey epstein**
- Report images

3. **Jeffrey Epstein**: International Moneyman of Mystery
He's pals with a passel of Nobel Prize–winning scientists, CEOs like Leslie Wexner of the Limited, socialite Ghislaine Maxwell, even Donald Trump.
nymag.com/nymetro/news/people/n_7912/ - Cached - Similar

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www.**jeffreyepstein**science.com/ - Cached

5. **Jeffrey Epstein** on Sports
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www.**jeffreyepstein**sports.com/ - Cached

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www.foundhair.com/pages/about.shtml - Cached - Similar

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www.**jeffreyepstein**.org/ - Cached

8. About **Jeffrey Epstein**
Jeffrey Epstein is a financial mogul, hedge fund manager and philanthropist.
www.**jeffreyepstein**.org/about**jeffreyepstein**.html - Cached

Show more results from jeffreyepstein.org

9. Edge: **JEFFREY EPSTEIN**

JEFFREY E. **EPSTEIN** is a money manager and science philanthropist who currently serves as the Chairman and Chief Executive Officer of the Financial Trust **...**

www.edge.org/3rd_culture/bios/**epstein**.html - Cached - Similar

10. **Jeffrey Epstein**, Convicted Pedophile And Former Hedge Fund Titan **...**

Jul 21, 2010 **...** **Jeffrey Epstein**, the former hedge fund manager who pleaded guilty to soliciting an underage girl for prostitution, is now free of the **...**

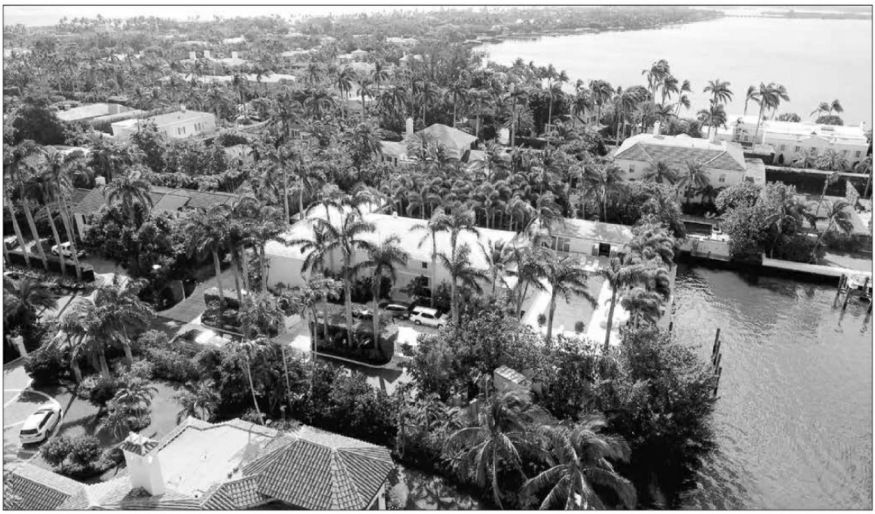
www.huffingtonpost.com/.../**jeffrey-epstein**-disgraced_n_654674.html - Cached

11. Dr. **Jeffrey Epstein**, MD, FACS | Board Certified Plastic Surgeon **...**

Dr. **Jeffrey Epstein** has been in solo private practice in Miami since 1994, and New York City since 2005, and is a Clinical Professor at the University of **...**

www.justformenplasticsurgery.com/AboutDr**Epstein**.asp - Cached - Similar

Searches related t



File photo by MIAMI HERALD

The home of Jeffrey Epstein has a large waterfront footprint in the Town of Palm Beach, not far from President Trump's Mar-a-Lago.

PERVERSION

CONTINUED FROM PAGE 12

the entire block on 71st Street between Fifth and Madison avenues.

He also owns a 10,000-acre ranch, named "Zorro," in New Mexico, a private island called "Little St. James" in the Virgin Islands, the $13 million house in Palm Beach, a Gulfstream jet and, at one point, owned a Boeing 727.

He has never been in the Forbes 400 list of the wealthiest Americans, largely because the magazine has never been able to determine the source or the size of his wealth.

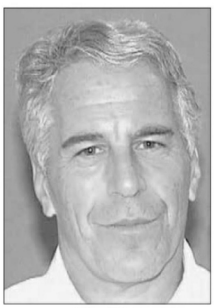
He has been dogged by questions about his financial dealings. A former business partner, Steven Hoffenberg, sued him in 2016, claiming that Epstein was the mastermind behind a $500 million Ponzi scheme that Hoffenberg was imprisoned for in 1995.

Hoffenberg served 18 years for the scam, but he later dropped the lawsuit against Epstein.

In August, two of Hoffenberg's former investors rekindled the lawsuit against Epstein, but the case was dropped in October.

Epstein and his associate, British-born socialite Ghislaine Maxwell, were also accused in a 2015 federal civil suit of organizing underage sex parties on his private plane, nicknamed "The Lolita Express," and at Epstein's various homes.

Maxwell, who has never been charged with wrongdoing, has denied allegations made in



Jeffrey Epstein

the lawsuit that she was Epstein's "madam." The suit, filed by victim Virginia Roberts, was settled in 2017.

It was Epstein's contacts with powerful and famous people that first propelled him into the public spotlight. In 2002, he flew former President Bill Clinton, actor Kevin Spacey, comedian Chris Tucker and others to South Africa on his private jet as part of a fact-finding AIDS mission in support of the Clinton Foundation.

But Epstein, a Clinton donor who contributed hundreds of thousands of dollars to Democratic candidates and causes, realized that his Democratic connections weren't going to help him in 2006, when the federal prosecutor was Acosta, a conservative Republican appointed during the George W. Bush administration.

All-star attorneys

Epstein's tactic: hire the most aggressive and politically connected lawyers that his money could buy.

At the top of his list: Kenneth Starr, a Republican icon because of his pursuit of Bill Clinton during the Whitewater investigation, which led to the impeachment (but not conviction) of the president after it was revealed he'd had sex with a young White House intern.

Like Acosta, Starr had worked at the prestigious law firm Kirkland & Ellis. Epstein also tapped Jay Lefkowitz, also of Kirkland, who worked as a domestic policy adviser and later as a special envoy to North Korea during the George W. Bush presidency.

Epstein also hired Bruce Reinhart, then an assistant U.S. attorney in Palm Beach.

Reinhart, now a U.S. magistrate, left the U.S. Attorney's Office on Jan. 1, 2008, and went to work representing Epstein's employees on Jan. 2, 2008, court records show.

Kenneth Starr

In 2011, Reinhart was named in the Crime Victims' Rights Act lawsuit, which accused him of violating Justice Department policies by switching sides, implying that he leveraged inside information about Epstein's investigation to curry favor with Epstein.

Reinhart, in a sworn declaration attached to the Crime Victims' Rights Act case, denied the allegation, saying he did not participate in Epstein's criminal case and "never learned any confidential, non-public information about the Epstein matter."

The U.S. Attorney's Office has since disputed that, saying in court papers that he did possess confidential information about the case.

Contacted for this story, Reinhart, in an email, said he never represented Epstein — only Epstein's pilots; his scheduler, Sarah Kellen; and Nadia Marcinkova, described by some victims as Epstein's sex slave. Reinhart also pointed out that a complaint filed against him by victims' lawyer Paul Cassell was dismissed by the

See **PERVERSION,** next page

Federal prosecutors admit backing down

Epstein's attorneys applied relentless pressure, they say

By JULIE K. BROWN
Miami Herald

In recent court filings, the government was forced to answer questions about its negotiations, finally admitting in 2013 that federal prosecutors had backed down under relentless pressure by Jeffrey Epstein's attorneys.

"The government admits that, at least in part as a result of objections lodged by Epstein's lawyers to victim notifications, the [United States Attorney's Office] reevaluated its obligations to provide notification to victims and Jane Doe #1 was thus not told that the USAO had entered into a non-prosecution agreement with Epstein until after it was signed," wrote Assistant U.S. Attorney Dexter Lee.

Kenneth Starr

Said Francey Hakes, the former federal prosecutor: "I have never heard of a case where federal prosecutors consult with a defense attorney before they send out standard victim notification letters. To negotiate what the letters would say and whether they would be sent at all suggest that the victims' rights were violated multiple times."

Kenneth Starr's aggressive advocacy for Epstein against allegations of improper sexual behavior was in stark contrast to the path he took investigating President Bill Clinton as independent counsel for the Whitewater probe.

The Starr Report, the summary of his findings in the Whitewater investigation, which started as a probe of a land deal gone sour and veered into an investigation of sexual misconduct, savaged the president for his involvement with White House intern Monica Lewinsky and was the basis for impeachment.

Starr himself would face criticism in 2016 — he stepped down as president of Baylor University amid allegations that he and other university officials mishandled sexual assault allegations brought by female students against members of the school's football team.

The Miami Herald reached out to Starr, through certified letter and through a spokesman for his current law firm, the Lanier Firm, but did not receive a response for this story.

Palm Beach police detective Joseph Recarey, one of the most highly decorated officers on the Palm Beach Police Department, called the Epstein case the most troubling of his 23-year career.

"Some of the victims were — and still are — afraid of Epstein," he said as part of a series of interviews with the Herald earlier this year.

Privately, Michael Reiter and Recarey said they held onto hope that Epstein would be brought to trial someday, but they said that that notion had faded.

"I always hoped that the plea would be thrown out and that these teenage girls, who were labeled as prostitutes by prosecutors, would get to finally shed that label and see him go to prison where he belongs," Recarey said.

Recarey died in May after a brief illness. He was 50 years old.

File photo by MIAMI HERALD

After he pleaded guilty in state court, Jeffrey Epstein was assigned to a private section of the Palm Beach County stockade. Soon, however, he was allowed to leave the compound six days a week, 12 hours a day, for what was termed work release.

Jeffrey Epstein, accused of sexually abusing dozens of underage women, grins for his mugshot on Florida's sex offender registry. He once compared his crimes to "stealing a bagel."

Photo by FLORIDA SEX OFFENDER REGISTRY

Epstein's sentencing hearing

Jeffrey Edward Epstein appeared at his sentencing on June 30, 2008 at the Palm Beach County Courthouse dressed comfortably in a blue blazer, blue shirt, jeans and gray sneakers. His attorney, Jack Goldberger, was at his side.

At the end of the 68-minute hearing, the 55-year-old silver-haired financier — accused of sexually abusing dozens of underage girls — was fingerprinted and handcuffed, just like any other criminal sentenced in Florida.

But inmate No. W35755 would not be treated like other convicted sex offenders in the state of Florida, which has some of the strictest sex offender laws in the nation.

Ten years before the #MeToo movement raised awareness about the kid-glove handling of powerful men accused of sexual abuse, Epstein's lenient sentence and his extraordinary treatment while in custody are still the source of consternation for the victims he was accused of molesting when they were minors.

Beginning as far back as 2001, Epstein lured a steady stream of underage girls to his Palm Beach mansion to engage in nude massages, masturbation, oral sex and intercourse, court and police records show.

The girls — mostly from disadvantaged families — were recruited from middle schools and high schools around Palm Beach County. Epstein would pay the girls for massages and offer them further money to bring him new girls every time he was at his home in Palm Beach, according to police reports.

The girls, now in their late 20s and early 30s, allege in a series of federal civil lawsuits filed during the last decade that Epstein sexually abused hundreds of girls, not only in Palm Beach, but at his homes in Manhattan, New Mexico and on Little St. James island in the U.S. Virgin Islands.

Special treatment in prison

In 2007, the FBI had prepared a 53-page federal indictment charging Epstein with sex crimes that could have put him in federal

See **PERVERSION,** next page

Dems want Acosta out over Epstein case. GOP seeking investigation. Then there's Matt Gaetz

By ALEX DAUGHERTY
McClatchy Washington Bureau

WASHINGTON — Democrats are calling for Labor Secretary Alex Acosta's resignation. Republicans support an internal investigation into Acosta's role in a controversial plea deal for multimillionaire sex abuser Jeffrey Epstein in 2008.

Matt Gaetz

But Florida Rep. Matt Gaetz, one of President Donald Trump's biggest defenders in Congress, is taking a different approach.

In an interview with the Miami Herald this week, Gaetz said re-examining Acosta's handling of Epstein's case, which came under increased scrutiny after the Herald's three-part series Perversion of Justice, sets a "dangerous" precedent for prosecutors. A federal judge ruled last week that prosecutors run by Acosta, then the U.S. attorney for South Florida, broke the law when they failed to inform Epstein's underage victims of the plea agreement. The judge gave federal prosecutors 15 days to confer with Epstein's victims and their attorneys to come up with a resolution.

"I don't know what I don't know and certainly if there is ever an indication of misconduct, that has to be thoroughly reviewed, but I think it's a dangerous thing to go back and second-guess decisions that prosecutors have to make in real time," Gaetz said. "I'm deeply troubled by Mr. Epstein's actions, I think that he certainly should have faced a far stiffer consequence than he did, but having tried cases I know that it's hard to go back and sort of second-guess the risk analysis that goes into putting witnesses before a jury and subjecting them to cross-examination."

Labor Secretary Alex Acosta

In fact, the judge in the case, U.S. District Judge Kenneth A. Marra, was careful to say he was not questioning the prosecution's authority to sign a non-prosecution agreement. However, the judge said the U.S. attorney had an obligation to consult with Epstein's victims under the Crime Victims' Rights Act. Acosta's deliberate decision not to do so — at the insistence of Epstein's legal team — violated that law, rendering the outcome illegal, Marra wrote in a 33-page order.

Gaetz's stance is not shared by other South Florida lawmakers, including Republicans.

Republican Sen. Marco Rubio, who introduced Acosta at his confirmation hearing, said he wants to see the results of an investigation into the Justice Department's internal decision-making process about Epstein's plea deal before deciding on Acosta's future.

"We'd love to have an investigation that looks at all that internal deliberation and who knew what about this, how they talk about it, how was this decision ultimately made and what paper trail is there about that decision-making," Rubio said. "Obviously, newspaper reporting is important but so is whatever facts the Justice Department has in its possession."

Sen. Rick Scott, Rubio's fellow Republican, had a similar view, along with Miami Republican Rep. Mario Diaz-Balart. Both said Acosta doesn't need to resign at this time, but want the investigation to continue.

"We don't really know all the facts yet so it ought to come out," Scott said. "We need more information."

Six of the seven Democrats in Congress from Miami-Dade and Broward have called on Acosta to resign, the exception being Rep. Donna Shalala.

Shalala was part of a group of Democrats who signed on to a letter last week demanding the passage of a bill that would allow the Department of Justice's Inspector General to review the conduct of attorneys within Justice, a power it does not currently have. Acosta was responsible for negotiating Epstein's agreement when he pleaded guilty to two prostitution charges in state court instead of facing federal charges, even though he was accused of sexually abusing dozens of young girls in his Palm Beach mansion.

Four Democrats, Rep. Debbie Wasserman Schultz, Rep. Debbie Mucarsel-Powell, Rep. Lois Frankel and Rep. Ted Deutch, signed on to a letter calling for Trump to demand Acosta's resignation. Rep. Alcee Hastings also said Acosta should go.

"I would think under the circumstances with such a hot lamp on it, he'd be better served to resign," Hastings said. Hastings, a federal judge who was impeached and removed from office on corruption allegations before successfully running for the House, said he had never seen a plea agreement like Epstein's during his legal career.

Rep. Frederica Wilson went one step further, saying Acosta should be removed from office if he does not resign.

"The … manner in which he handled the Epstein case clearly demonstrates that he is not the right person to serve as our nation's labor secretary," the Democrat said in a statement. "If he could not stand up against Epstein's white-shoe attorneys, he clearly is not qualified to take on the networks of human traffickers operating in the United States and represent their victims."

Gaetz, the outlier among those interviewed, is important because he is a key Trump ally who frequently speaks with the president. In his second term in Congress after serving in the state House, Gaetz represents the views of the president's most fervent supporters and attracts national attention for his defense of the president's policies and rhetoric.

Gaetz is currently the subject of an inquiry by the Florida Bar after posting a tweet that critics said appeared to be threatening toward former Trump lawyer Michael Cohen. The tweet, which was later deleted, implied that Cohen had extramarital relations and was posted the night before the public hearing where Republicans attempted to shred Cohen's credibility as he detailed his illegal activities on behalf of the president.

Gaetz suggested that Acosta's decision to cut a plea deal without the victims knowing could have been a move to protect them.

"I don't know if this was the case in this matter, but as the former criminal justice chairman in Florida, I've seen how a lot of these sexual violence cases, the fragility of witnesses and the willingness of witnesses can be a factor," Gaetz said. "I'm not saying it was here, I'm just saying that in these types of cases it's something that's always on the minds of prosecutors."

Eyeing 2020, White House steps up 'socialism' attack on Democrats

WASHINGTON (AP) — As the White House gears up for the 2020 campaign, it's pressing the case that Democrats are rallying behind what it's calling the policies of "socialism."

Trying to portray Democrats as out of step with ordinary Americans, Vice President Mike Pence said in a speech Friday at the Conservative Political Action Conference that the choice in the next election is "between freedom and socialism, between personal responsibility and government dependence."

"The moment America becomes a socialist country is the moment America ceases to be America," Pence told the crowd of conservative activists.

Pence also took aim at "Medicare-for-all" and the Green New Deal, policy proposals prominent in the crowded Democratic contest for the presidential nomination.

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Shit Pilots Say
Yesterday at 5:10 PM ·

Joseph Ugulano
Tom West you should google that chicks name. Global girl. Also known as a sex trafficking accomplice and general loser

15h **Like** **Reply** 8

Gordon Rosel
Tom West

https://en.m.wikipedia.org/wiki/
[redacted]

3

EN.WIKIPEDIA.ORG
[redacted] **Wikipedia**

15h **Like** **Reply**

Jordan Francis
Tom, there's really no humor to get. She did "favors" for Jeffrey Epstein, Billy Clinton's buddy that had that island down in the Caribbean where he'd bring underage girls for his pleasure. [redacted] was the "head of recruitment," I guess you could say.

15h **Like** **Reply** 11

Write a comment...

From: [redacted]
Sent: Thursday, January 31, 2013 11:32 AM
To: Jeffrey Epstein
Subject: Re:

Importance: High

Apparently Brazil is a hot investment place now (?) It is more about the offset part than the jet deal. France, Sweden and USA are all lobbying to get the jet deal as aviation is tied into potentially big tourism deals. (36 planes)
I was just on a call with a guy in Sweden who is dealing with this...
I never know if the stories are real, but he claims to work with the Brazilian president, Obama, Warren Buffet etc..

From: Jeffrey Epstein <jeevacation@gmail.com>
To: [redacted]
Sent: Thursday, January 31, 2013 5:47 AM
Subject: Re:

brazil , has tried to buy fighters, in the past, they don't have a lot of money,

On Thu, Jan 31, 2013 at 6:36 AM, [redacted] wrote:

> Hmm, so the offset service provider does what - negotiation between the parties? Complex sounds interesting...

From: Jeffrey Epstein <jeevacation@gmail.com>
To: [redacted]
Sent: Thursday, January 31, 2013 3:36 AM
Subject: Re:

Yes , one of the most complex negotiations they re very strange. Someone buys fighters but with the fighter money , some must be used for specific third party items. I will buy your pussy for 10k, but with 2 of the 10 you have to buy me food. And to make matter worse I need to borrow thev10 from you.

On Thursday, January 31, 2013, [redacted]:

> Do you understand offset agreements? I got asked to be involved in negotiating some of the deals between Brazil and other countries in regards to the purchase of new fighter jets..
>
> What is an offset service provider?

--
****

The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of Jeffrey Epstein

Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to jeevacation@gmail.com, and destroy this communication and all copies thereof, including all attachments. copyright -all rights reserved

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From: Al seckel [redacted]
Sent: 12/15/2010 5:36:27 PM
To: Jeffrey Epstein [jeevacation@gmail.com]
Subject: Results

Importance: High

Jeffrey,

The bots did the sweep. Here are the new results taken as of a minute ago. You have only one negative article left on front page of google, which is the Huffington Post article. The Huffington Post is extremely hard to move, because it is so powerful, has millions of links to it, and uploads massive new and original content it on a daily basis with posting from out side readers. We managed to push it down the page, as it used to be at the top. If we were able to post original content to both the science and the org site (absolutely not a single word to this day by Jessica, just talk), we would have been able to push it down even further, and off the page. WE did manage to get rid of the daily beast article, which is now far removed, inspite of their own efforts to keep it prominent.

Toxic suggested search engine terms that popped up automatically when you typed in your name are also now removed.

Wikipedia was an important victory, as it will always be at the top of the search engine results. ow the head lines do not mention convicted sex offender or pedophile. Instead, Philanthrophic work, Epstein Foundation, Promotion of Scientists. We have stopped the hacking on your wiki site, and that was a major effor. Your wiki entry now is pretty tame, and bad stuff has been muted, bowlerized, and pused to the bottom. Careful editing and wording has muted the effect immensely. We hacked the site to replace the mug shot and caption, and now has an entirely different photo and caption. This was a big success.

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And, while the sites are up, and in the direction we hoped, they are still new, and subject to volitility, especially if new original content is not added on a minimum of a weekly basis. I have been forbideen to add new content to the philanthrophic site as well as the science site, and therefore, as a result our rating slipped down (still on the first page, but would have liked them (and some of the articles to been able to push Huffington off page). We also helped with you images, and the first images that come of you on a google search are not of your mug shot, etc.

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From: Al seckel [redacted]
Sent: 12/16/2010 1:15:29 PM
To: Jeffrey Epstein [jeevacation@gmail.com]
Subject: Re: Results

Importance: High

My initial estimate, given to me by Pablos, was 25, and that was based solely on his quick look at the situation, and not knowing what was really out there. In fact, as I have repeated many times, the job was far far worse that originally expected, you have a dedicated group of people trying to undo and damage you, including now, they have started up in the last week full force again, as it is obvious that they can't fux with your wiki page any more as we blocked that.. The woman from the Daily Beast. We have programs that track this stuff, and so, for the past few days, Mike has been having a cyber war with her minions, who are actively trying to undo what we are doing, as she is trying to push her Daily beast and other articles back up. So, we have to go back and push them back down.

Then, there was the issue of trying to create additionally on you a positive web presence, with the science and org sites.

I spend literally four months of non-stop work, creativity, and my own political capital to getyou this so far, which saved you not only time, but countless dollars, and isn't something that can be readily bought. I had people working also for free. I gained access to information that standard seo companies don't have. In addition, I wasted a lot of time talking to people who promise to help, but end up providing nothing, and so, I end up having to do it myself. What do I get in return, constant back slapping to my head...

We were trying to fix up your mess. I didn't create it. Just thought it would be something to help. This was NEVER about trying to pull money out of you, and fact, we have don't everything possible to keep the costs down considerably.

I must talk to you about the island thing asap. When can we do that?

From: Jeffrey Epstein <jeevacation@gmail.com>
To: Al seckel <[redacted]>
Sent: Thu, December 16, 2010 5:01:25 AM
Subject: Re: Results

I was never told never, that there was a 10k fee per month,, you inittaly said the project would take 20.. then another 10. then another 10. .

On Wed, Dec 15, 2010 at 12:36 PM, Al seckel <[redacted]> wrote:

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and may be unlawful. If you have received this
communication in error, please notify us immediately by
return e-mail or by e-mail to jeevacation@gmail.com, and
destroy this communication and all copies thereof,
including all attachments.

From: Al seckel [aseckel@yahoo.com]
Sent: 12/16/2010 1:20:06 PM
To: Jeffrey Epstein [jeevacation@gmail.com]
Subject: Re: Results

Importance: High

you can call as i am obviously up.[redacted]

From: Jeffrey Epstein <jeevacation@gmail.com>
To: Al seckel <[redacted]>
Sent: Thu, December 16, 2010 5:01:25 AM
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From: Al seckel [redacted]]
Sent: 12/16/2010 1:27:48 PM
To: Jeffrey Epstein [jeevacation@gmail.com]
Subject: Re: Results

Importance: High

ok. Just FYI, your detractors are on a rampage against you this past week.... Mike is trying to take care of it (NO! there is no extra charge) it comes with the territory.

From: Jeffrey Epstein <jeevacation@gmail.com>
To: Al seckel <[redacted]>
Sent: Thu, December 16, 2010 5:20:13 AM
Subject: Re: Results

over the weekend.

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From: [redacted]
Sent: Tuesday, March 8, 2011 8:32 PM
To: Jeffrey Epstein
Subject: Re:

Importance: High

? Good for you. And ghislaine. congrats

From: Jeffrey Epstein <jeevacation@gmail.com>
To: [redacted]
Sent: Tue, March 8, 2011 3:27:58 PM
Subject:

Jeffrey and Ghislaine: Notes on New York's Oddest Alliance <http://www.vanityfair.com/online/daily/2011/03/notes-on-new-yorks-oddest-couple-jeffrey-epstein-and-ghislaine-maxwell.html>

by ***Vicky Ward*** <*http://www.vanityfair.com/contributors/vicky-ward*>
March 8, 2011, 2:30 PM

"I've got a story idea for you. The rebuilding of Indonesia. Or New Orleans. Or both. Go there. I've just been. You will never think the same way about anything again."

So spoke not Bill or Melinda Gates, but Ghislaine Maxwell, the 48-year-old woman being written up everywhere at the moment as the alleged "procurer" of young women for billionaire Jeffrey Epstein. Epstein, 57, is the financier who spent a year in jail on charges of soliciting prostitutes—and now there is talk of another investigation because various women, now in their twenties and thirties, have come forward with allegations that he molested them when they were under-age. The allegations first surfaced in British newspapers, which have zeroed in on Epstein's friendship with Prince Andrew, who has recently tried to publicly disassociate himself from his old pal.

I wrote a piece for *Vanity Fair* in 2003 called "The Talented Mr. Epstein." It was largely a business piece that focused on his mysterious exit from Bear Stearns in 1981, his close relationships with Jimmy Cayne, Les Wexner, the chairman of Limited Brands, and above all, the man who claimed to be his mentor, Steven Jude Hoffenberg, who is currently serving a 20-year-jail sentence for bilking investors in Towers Financial out of $450 million.

The piece alluded to Epstein's great friendship with Maxwell, and how she introduced him to young women with whom he had sexual relationships. But, in the end, the story didn't really go there, focusing instead on the issue that remains a mystery—how Jeffrey made his money, and how Ghislaine made hers.

This is not to say I didn't hear stories about the girls. I did. But, not knowing quite who to believe, I concentrated on the intriguing financial mystery instead. But now the women have come back. Not the same ones, different ones. And their stories are bone-chilling. Journalists from England have phoned—and, in one case, flown—to ask me about Epstein and Maxwell. Who is he? And the British, especially, want to know: Who is she? At this point, I am so bored of repeating myself to others—it was, after all, my 2003 *Vanity Fair*story that really brought him into the limelight—that I have decided to write about this myself.

Bizarrely, perhaps, I have gotten to know Jeffrey and Ghislaine far better *after* my piece than before it. I kept running into both of them, separately, at parties. Jeffrey is not a social animal so he usually has a couple of young women with him who stand two feet behind him, as if serving a monarch. "Do they speak?" I remember

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asking him once, nodding at his lookalike blondes. He laughed. "Not like *you,*Vicky," was his riposte.

I remembered that when we'd once discussed math—in particular, an isosceles triangle—and I revealed I hadn't studied math since I was 14 (such is, or was, the way of the British educational system), I received a package at home via messenger. It was a book: "Math for idiots."

So he is not without humor, even though he doesn't drink or smoke, and hates restaurants.

"Jeffrey knows a good deal about most subjects," newspaper publisher Mort Zuckerman told me last week. He was certainly preaching to the converted. The truth is, Epstein *does* know a lot about a lot of things. Just a few moments in his company and you know this to be true.

When I saw pictures of Prince Andrew walking in Central Park with Jeffrey, my immediate thought was that "Andy"—as Jeffrey calls him—is probably asking for help with his role as British trade envoy, or whatever his strange title is. Because if one thing's for sure: When it comes to international business, Jeffrey knows what he's talking about far more than "Andy" does. Which is why Leon Black, Mort Zuckerman and a few other financiers hang out with him.

And Ghislaine?

Full disclosure: I like her. Most people in New York do. It's almost impossible not to.

She is always the most interesting, the most vivacious, the most unusual person in any room. I've spent hours talking to her about the third world at a bar until 2am. She is as passionate as she is knowledgeable. She is curious. She has spent weeks at the bottom of the ocean, literally going deeper than anyone else. She has sent me a DVD of the fish there. Her rolodex would blow away almost anyone else's I can think of—probably even Rupert Murdochs'. She is very well-read and can talk about most things for hours. She is passionate about Bill Clinton with whom she is close friends.

Yet, touchingly, when she had to give a speech at the 40th birthday party of her best friend, Ariadne Calvo-Platero, (known fondly to her close friends as "the Tennis Goddess") Ghislaine shook a little with nerves. When it comes down to things she really cares about—and Ariadne is one of them—Ghislaine shows her vulnerability. And that vulnerability is key to understanding her friendship with Jeffrey.

"He saved her," I remember a close friend of mine telling me. "When her father died, she was a wreck; inconsolable. And then Jeffrey took her in. She's never forgotten that—and never will."

In many ways, the socially awkward Epstein with his big house, plane, island and ranch was the perfect replacement for her father, the late Robert Maxwell, newspaper tycoon and criminal. Sure, Jeffrey had his sexual pecadillos, but then Ghislaine's father was not without his oddities. After all, it was he who died leaving a massive "black hole" he'd fraudulently created. To Ghislaine, Jeffrey's habits may not have seemed that strange.

In fact, she probably figured, rather like I have, after years of writing about he very rich, that most successful people in the end either have some weird habit (the late Bruce Wasserstein had the weight issues, the girl issues, and moved countries to avoid paying tax), or they break the law (Sam Waksal, Martha Stewart.) You don't tend to get to the top by being the world's most balanced human being. Even the folksy Warren Buffett didn't quite manage a normal life—whatever that is. He had a second "wife" for many years whose existence he has been open about.

So what to make of the current fuss over Ghislaine? I haven't spoken to her or to Jeffrey, but I suspect that her loyalty to friends like Bill Clinton will keep her in good stead, in the end, she'll be out and about as always. Look at Waksal and Stewart. No one sees them and thinks: criminal. Au contraire. In this city, money makes up for all sorts of blemishes.

HOUSE_OVERSIGHT_022235

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1. Jeffrey Epstein and Alan Dershowitz have been friends for years. The two met in July, 1996, when Mr. Epstein was introduced to Mr. Dershowitz by a mutual friend and flew on his private jet to Martha's Vineyard to spend the day with Mr. Dershowitz.

2. Mr. Epstein, had grown up in Coney Island. He did not graduate from college.

3. Mr. Epstein was wealthy and owned luxurious houses and private planes and was sometimes accompanied by beautiful women. He had many intellectuals as friends.

4. Mr. Epstein and Mr. Dershowitz quickly found common interests. Mr. Dershowitz has said they talked about science, academia, and Harvard.

5. In August, 1996, Mr. Epstein invited Mr. Dershowitz to meet Leslie Wexner, whom Mr. Epstein described as his mentor. Mr. Epstein and Mr. Dershowitz took Mr. Epstein's private jet to New Albany, Ohio, where Mr. Wexner had an estate, to attend a party for Mr. Wexner's fifty-ninth birthday. Mr. Dershowitz later said that he was Mr. Epstein's intellectual gift to Mr. Wexner.

6. In the seventies, Mr. Epstein had been a trader and a wealth manager at Bear, Stearns, before leaving in 1981 to start a small firm, J. Epstein & Co.

7. In 1987, Mr. Wexner hired Mr. Epstein as his financial adviser. Mr. Epstein has said that he re- fused to accept clients with less than a billion dollars in assets. The only client that he has ever named publicly is Mr. Wexner. When asked in a deposition whether Mr. Wexner was his only client, Mr. Epstein took the Fifth.

8. In 1989, Mr. Wexner bought a seven-story Manhattan mansion, overlooking the Frick Museum. The mansion was among the largest private residences in the city. Mr. Wexner is reported to have sold it to Mr. Epstein for one dollar. In 1996, Mr. Epstein told the Times that he owned the mansion.

9. In 1997, Mr. Epstein invested thirty million dollars in Boston Provident. Orin Kramer, the founder of the hedge fund, understood that the money came from Mr. Wexner. Later in 1997, Mr. Epstein called Mr. Kramer and asked him to stop by his office. Mr. Dershowitz also attended the meeting. At the meeting, Mr. Epstein asked Mr. Kramer to accept an investment of about half a million dollars from Mr. Dershowitz. Mr. Kramer accepted as a favor to Mr. Epstein. Mr. Dershowitz signed standard papers acknowledging that his money was at significant risk.

10. In 1998, the fund sustained enormous losses. Mr. Epstein told Mr. Kramer that one of the two of them would have to reimburse Mr. Dershowitz. Mr. Epstein said that if he were to have to reimburse Mr. Dershowitz, Mr. Kramer would regret it. Mr. Kramer agreed to restore Mr. Dershowitz's losses, if Mr. Epstein would leave the remainder of the money he controlled in the fund.

11. Mr. Epstein threw parties at his house in New York. He would often invite scientists, whose company he enjoyed.

12. Mr. Epstein also had an interest in Harvard. In 1990, he and Mr. Wexner had helped to fund the construction of a new building at Harvard Hillel, named after Henry Rosovsky, then the Dean of the Faculty of Arts and Sciences.

13. Mr. Dershowitz began introducing Mr. Epstein around the college. Mr. Epstein subsequently began funding research into psychology and the history of science, and he became a member of the advisory board of the Harvard Society of Mind, Brain, and Behavior, and a Harvard fellow. Mr. Epstein also established an office in Brattle Square, where he held seminars on contemporary academic ideas, in which Mr. Dershowitz sometimes participated.

14. In an article in the Harvard Crimson, Mr. Dershowitz said that he would debate mathematics, genetics, law, and psychology with Mr. Epstein and professor Steven Kosslyn, and that in these discussions, they would all cut each other off all the time "because we just get it."

15. Mr. Epstein would evaluate drafts of Mr. Dershowitz's books. Mr. Dershowitz has said that Mr. Epstein was the only person outside his family whom he trusted to do this.

16. After Lawrence Summers became president of Harvard in 2001, he flew to Palm Beach on Mr. Epstein's plane and stayed at his mansion. In 2003, Mr. Epstein pledged thirty million dollars to Harvard to create the Epstein Program for Mathematical Biology and Evolutionary Dynamics. To lead it, he recruited Martin Nowak, a biologist from Princeton University. Mr. Dershowitz became a Faculty Affiliate of the program.

17. In January 2007, the evolutionary biologist Robert Trivers was scheduled to receive the Crafoord Prize in biosciences. Mr. Nowak invited him to give a talk at the Epstein Center, followed by dinner. That April, Mr. Trivers sent Mr. Dershowitz a letter that criticized him for what Mr. Trivers viewed as an attack on Norman Finkelstein, and also said that Mr. Dershowitz was a Nazi or Nazi-apologist for his stance on the Israeli-Palestinian conflict.

18. On May 25, the day of his talk, Mr. Nowak, having arrived at Harvard, told Mr. Trivers that he was cancelling the talk a planned celebration, under orders from someone he would not identify. The reason given was that Mr. Trivers had called a Harvard professor a Nazi. Mr. Trivers said that he later learned that the order came from Mr. Epstein, under pressure from Mr. Dershowitz. (Mr. Dershowitz has denied this.) Mr. Trivers said that Mr. Epstein later apologized for having stopped the talk, using the word "apology," and Mr. Trivers now described them as friendly.

19. In the summer of 2000, according to a deposition by Juan Alessi, who managed Mr. Epstein's house in Palm Beach, Alessi was driving Ghislaine Maxwell, Mr. Epstein's

girlfriend, to Donald Trump's Mar-a-Lago resort, when they saw a girl walking from the main lobby toward the spa. Ms. Maxwell approached the girl, a sixteen year old named [redacted], who was reading a book on anatomy and massage therapy. Ms. Maxwell informed her that she knew somebody who was looking for a travelling masseuse. This person was Mr. Epstein.

20. When [redacted] was dropped off at the house, there was a big hall table with pictures of young nude girls, mixed in with those of celebrities and politicians.

21. Ms. Maxwell led [redacted] upstairs to a suite where Mr. Epstein was lying, nude, and showed [redacted] how to massage him. Ms. Maxwell then took off her clothing, and instructed Ms. Giuffre to remove her clothing. Ms. Maxwell told Ms. Giuffre that it was cute that she was wearing children's underwear. Ms. Maxwell then told Ms. Giuffre to straddle Mr. Epstein, and Ms. Giuffre and Mr. Epstein had sex. Afterward, Mr. Epstein told Ms. Giuffre that she "did a really good job," and gave her two hundred dollars.

22. [redacted] returned the next day, at Ms. Maxwell's invitation, and she became a regular presence at the home. She was informed that she was to have sex with Mr. Epstein several times a day, often along with Ms. Maxwell and other girls. She was subsequently told that Mr. Epstein would also be lending her to other men. Ms. Maxwell told her that she was expected to please these men in whatever way they wanted.

23. Mr. Epstein told [redacted] to report back to him about what the men liked. In his New York mansion, Mr. Epstein had also installed a video system that taped every room in the house, which could allow Mr. Epstein to accumulate information to use as leverage against the men.

24. Mr. Epstein used the girls under his control to bring in more girls. He preferred young girls from difficult backgrounds who would be in need of money. The women around Mr. Epstein were discouraged from speaking with one another.

25. Mr. Epstein owned nearly a dozen apartments in New York in a building on the Upper East Side, where he kept what were called "semi-permanent" girls.

26. In [redacted] case, Mr. Epstein paid her, paid for her apartment, and took her to New York, London, Paris, Tangiers, and his private island. He told [redacted] that he was powerful, that he owned the police department, and that he had friends who owed him favors. Mr. Epstein was a donor to the Palm Beach Police Department for years.

27. In 2002, soon after [redacted] turned nineteen, Mr. Epstein and Ms. Maxwell sent her to Thailand for a three-week course in massage, and arranged for her to bring back a young girl for Mr. Epstein.

28. In March 2005, a fourteen-year-old girl in Palm Beach described to the police that Mr. Epstein had paid her three-hundred dollars for a massage, told her to take off her clothes, and masturbated.

29. The police soon began investigating Mr. Epstein for sexually abusing underage girls. The case against Mr. Epstein would involve the testimony of dozens of young girls. Press coverage included a list of famous men who travelled on Mr. Epstein's plane, the so-called Lolita Express, to Little St. James, an island that Mr. Epstein owned in the Caribbean.

30. When Mr. Epstein learned about the investigation, in the fall of 2005, he immediately called Mr. Dershowitz, who established himself in the lead of a team of prominent attorneys from New York, Boston, Washington, D.C., and Miami.

31. Mr. Epstein once likened his offense to that of "a person who steals a bagel."

[Much of the following seven queries involve actions that Mr. Dershowitz performed while representing Mr. Epstein. Can you confirm that they are accurate?]

32. Mr. Dershowitz prepared a dossier featuring entries from Web sites like MySpace, in which Mr. Epstein's alleged victims recounted experiences with alcohol or marijuana and wrote about sex.

33. Florida State Attorney Barry Krischer helped Mr. Dershowitz arrange a meeting with Joseph Recarey, the lead investigator in the case. Mr. Dershowitz presented the dossier as evidence that the girls were not of high moral quality.

34. Mr. Dershowitz also raised questions about the police. He made a public-records request to the police department for any paper bearing the name of Michael Reiter, the Palm Beach police chief name, and began had private investigators perform background investigations on Mr. Reiter.

35. For months, Mr. Reiter and Mr. Recarey were under constant surveillance, in which cars followed them, their trash was searched, and investigators contacted Mr. Reiter's ex-wife. Mr. Epstein has denied his involvement in this. In 2010, when Mr. Reiter testified about the surveillance, in 2010, Mr. Epstein turned to his lawyer and said, "That wasn't us!"

36. At one point, Mr. Recarey told Mr. Dershowitz that at least one of the investigators had tried to misrepresent himself to one of the alleged victims as a police officer. Mr. Dershowitz surmised that the woman was someone identified as [redacted] in depositions.

37. [redacted] had alleged that he Mr. Epstein had forcibly penetrated her when she was a minor. She told detectives that in 2003, when she was sixteen, a friend introduced her to Mr. Epstein. The friend told her that in exchange for a massage she could earn enough money for a camping trip in Maine that she wanted to go on. [redacted] said that she returned to Mr. Epstein's house hundreds of times, becoming his Mr. Epstein's favorite. She said that she sometimes had non-penetrative sex with Mr. Epstein and one of his "semi-permanent" girls, [redacted] whom Mr. Epstein was said to have bought from her parents in

Yugoslavia when she was about fifteen. [redacted] said that Mr. Epstein would take naked photographs of her and other girls and display the photographs in the house.

38. In a letter to Mr. Recarey, Mr. Dershowitz enclosed snippets gathered from [redacted] presence on social media. Mr. Dershowitz noted that [redacted] chose to go by the nickname "pimp juice," and he noted that [redacted] appeared to have a fascination with marijuana. Mr. Dershowitz said that the two investigators who tried to speak with her were instructed beforehand to take notes, out of feat that she was an accomplished drama student, who, Mr. Dershowitz said, had misled others in the past and might try to do the same with the investigators. Mr. Dershowitz suggested that [redacted]. motivation was money, to be "really rich."

39. In July 2006, Krischer, charged Mr. Epstein with one count of aggravated assault. There was no mention of underage girls, nor a requirement to register as a sex offender, nor a threat of jail time.

40. In 2007, Mr. Epstein argued that he was being persecuted because he was Jewish. Lawyers for Mr. Epstein said that he was being unjustly targeted because of his wealth.

41. In the fall of 2007, Mr. Epstein's legal team negotiated a non-prosecution agreement, in which the federal government would throw out its indictment if Mr. Epstein pleaded to two state felony charges, solicitation of prostitution and procuring minors for prostitution. Mr. Epstein would also register as a sex offender and pay lawyers' fees for the victims who sued him. The agreement also contained a clause that protected four of Mr. Epstein's assistants, including [redacted] from prosecution. In the final days of the negotiations, an unusual provision was added that guaranteed immunity for "any potential co-conspirators."

42. Afterward, over nine months, Mr. Dershowitz and his team investigated prosecutors and their families, attempting to disqualify them, in order to prove the prosecution was tainted. The U.S. Attorney rejected these attempts. When officials at the Justice Department ruled that the charges offered by Mr. Dershowitz's team were baseless, Mr. Dershowitz's team went to more senior officials. Can you confirm that this description is accurate?

43. On June 30, 2008, with every alternative exhausted, Mr. Epstein pleaded guilty. He was given an eighteen-month sentence in a county jail, and allowed to depart every day, on work release, for an office that he had acquired nearby. At the office, Mr. Epstein received visitors, and a policeman served them coffee. Mr. Epstein told a friend that he was reading "De Profundis" in prison. Mr. Epstein was released after thirteen months.

44. In 2007, Ms. Maxwell called [redacted] who was living outside of Sydney. Ms. Maxwell told [redacted] that Mr. Epstein was being investigated, and that if [redacted] refused to cooperate, she'd be "taken care of." [redacted] told Ms. Maxwell that she wouldn't speak to anyone, but she declined compensation. A few days later, Mr. Epstein and his lawyer called to hear directly from her that she wouldn't be speaking to anyone.

45. In May 2009, [redacted] sued Mr. Epstein, as Jane Doe No. 3. In her complaint, [redacted] stated that she had been sexually abused by Mr. Epstein and also was "required to be sexually exploited by Mr. Epstein's friends, including royalty, politicians, academicians, businessmen.

46. Mr. Epstein eventually settled her suit, and those of many other victims.

47. In December, 2014, [redacted] filed a motion to join a suit attempting to overturn the non-prosecution agreement. She claimed that Mr. Epstein had abused her, and had trafficked her to powerful friends as a way of gaining influence over them. In her motion, she named three men: Jean Luc Brunel; Prince Andrew, the Duke of York; and Mr. Dershowitz. She said that she had sex with Mr. Dershowitz at least six times, in Mr. Epstein's various residences, on his private island, in a car, and on his plane. [redacted] has also said that Mr. Epstein trafficked other girls.

48. A British-South African woman named [redacted] has also accused Mr. Epstein in a lawsuit of involving her in a sex-trafficking ring.

49. [redacted] said that in September, 2006, when she was twenty-two and recently arrived in New York, a new friend introduced her to Mr. Epstein, describing him as a philanthropist who used his wealth and connections to help poor young women in exchange for massages. [redacted] said that Mr. Epstein paid the friend five-thousand dollars in exchange for bringing [redacted] to him.

50. After the massages turned sexual, [redacted] was allowed to live in a large apartment in Mr. Epstein's building on the Upper East Side. She was also given a cell phone, car service, and money for living expenses. Mr. Epstein invited her to fly to his island, which she did several times in late 2006 and early 2007. Mr. Epstein and Ms. Maxwell told [redacted] they could help arrange her admission at the Fashion Institute of Technology, where she dreamed of studying.

51. [redacted] was told that if she refused to have sex with Mr. Epstein and his associates, her apartment would be taken away, and Mr. Epstein would make sure that she couldn't go to college or get a job. Mr. Epstein told [redacted], who weighed about 125 pounds, that he wanted her to weigh 114. One night on Little St. James, Mr. Epstein took away [redacted] food and announced to other guests that if she didn't lose weight, she would have to move out.

52. In an affidavit, [redacted] said she spent significant time with Mr. Epstein in New York and that Mr. Epstein lent her out to friends and associates, including Mr. Dershowitz, at Mr. Epstein's townhouse. [redacted] described visiting Little St. James repeatedly, in order to have sex with Mr. Epstein, [redacted] and other girls and guests.

53. Last December, [redacted] suit was settled in her favor. Mr. Epstein paid her an undisclosed sum.

54. As part of the court proceedings, a lawyer for Ms. Maxwell mentioned that Mr. Dershowitz was one of several people [redacted] alleged Mr. Epstein had directed her to have sex with.

[The remainder of the queries involve allegations concerning Mr. Dershowitz but that also involve Mr. Epstein, that I would therefore like to verify with Mr. Epstein.]

55. [redacted] met Mr. Dershowitz in a brief encounter at Mr. Epstein's mansion in New York. After that, Mr. Dershowitz was seen with Mr. Epstein often. After some time, Mr. Epstein let Mr. Dershowitz use his bedroom, something that Mr. Epstein rarely, if ever, did for another man. Once, after [redacted] had sex with Mr. Epstein, Mr. Epstein walked out of his bedroom and Mr. Dershowitz entered and had sex with [redacted]. Can Mr. Epstein verify that this description is accurate?

56. Mr. Dershowitz visited Mr. Epstein's Palm Beach home four or five times a year, and typically stayed for two or three days. On one occasion, several girls, who were nude, were having lunch at the pool, and Mr. Dershowitz was also present. [redacted] said that she was made to give Mr. Dershowitz a massage and to tend to him. [redacted] also gave Mr. Dershowitz a massage on the beach at Little St. James and then went with him to one of the beach bungalows, which were just large enough to hold a bed, where she was made to have sex with him. Can Mr. Epstein verify that this description is accurate?

57. Mr. Dershowitz has said that he received a massage at Mr. Epstein's house in Palm Beach—though he has said that [redacted] wasn't the masseuse and he kept his underwear on. Can Mr. Epstein verify that this account is accurate?

58. Several months after meeting Mr. Epstein, [redacted] went to Miami for the weekend. When she returned, she told Mr. Epstein that she had met a man, who, with a friend, had attempted to rape her. Mr. Epstein told her that he would introduce her to one of his best lawyers, and he later introduced her to Mr. Dershowitz. Mr. Epstein and Mr. Dershowitz argued, successfully, against her going to the police, and Mr. Dershowitz told her that he would represent her. [redacted] did not know of the investigation into Mr. Epstein, or that Mr. Dershowitz was representing him.

59. Shortly afterward, [redacted] had dinner with Mr. Epstein and Mr. Dershowitz to talk about her case. When [redacted] asked how the case was proceeding, Mr. Dershowitz said little. Can Mr. Epstein verify that this description is accurate?

60. Several weeks after the dinner, was called to Mr. Epstein's mansion early one evening. Mr. Epstein, Mr. Dershowitz, and [redacted] were present. There [redacted] took Ms. Ransome upstairs. In the room [redacted] undressed [redacted] Mr. Dershowitz then walked in, undressed, and the three engaged in a sexual encounter, in

which Mr. Dershowitz didn't penetrate [redacted], but she was forced to perform oral sex on him and masturbate him. Can Mr. Epstein verify that this description is accurate?

61. Can you confirm that Mr. Dershowitz has been Mr. Epstein's lawyer, without interruption, since the police investigation began in 2005?

62. Mr. Dershowitz has said that Mr. Epstein and Ms. Maxwell had a joint defense agreement in this case, which would mean that Mr. Dershowitz's conversations with Ms. Maxwell are subject to attorney-client privilege. Does this description look accurate?

63. When Mr. Dershowitz was asked if he was still in touch with Mr. Epstein, he said that he doesn't represent Mr. Epstein, and then said that one never stops being someone's lawyer, and that he'd always take Mr. Epstein's call. Can Mr. Epstein confirm?

From: Jeffrey Epstein [jeevacation@gmail.com]
Sent: 9/28/2009 11:34:06 PM
To: Gmax [gmax1@ellmax.com]
Subject: Re:

we just rea;lzied that the picture , in my kitchen is me clinton and ted. how funny

On Mon, Sep 28, 2009 at 7:17 PM, Gmax <gmax1@ellmax.com> wrote:

That's her..I couldn't remember her name

----- Original Message -----
From: Jeffrey Epstein <jeevacation@gmail.com>
To: Gmax
Sent: Mon Sep 28 19:16:28 2009
Subject: Re:

do yu mean nicole junkerman

On Mon, Sep 28, 2009 at 1:21 PM, gmax <gmax1@ellmax.com> wrote:

Am in CA – that friend of yours whom I think lives in Paris was at the conference..she spoke to you last week..claims to be in charge of a hedge fund or something

On 9/28/09 6:08 AM, "J J" <jeevacation@gmail.com> wrote:

thanks,, where are you.. i loved your bono mick story,,

On Mon, Sep 28, 2009 at 12:08 AM, Gmax <gmax1@ellmax.com> wrote:

No later than Wednesday probably..

----- Original Message -----
From: Jeffrey Epstein <jeevacation@gmail.com>
To: Gmax
Sent: Sun Sep 27 19:35:33 2009
Subject:

when does [redacted] have to get back? [redacted] went to new york

--
****
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including all attachments.

From: Jeffrey Epstein <jeevacation@gmail.com>
Sent: Friday, March 4, 2011 4:38 PM
To: [redacted]
Subject: Fwd: FW: Ghislaine Maxwell

---------- Forwarded message ----------
From: **GMAX** <gmax1@ellmax.com>
Date: Fri, Mar 4, 2011 at 8:28 AM
Subject: FW: Ghislaine Maxwell
To: J Jep <jeevacation@gmail.com>

------ Forwarded Message
From: Mark Cohen <[redacted]>
Date: Fri, 4 Mar 2011 11:14:35 -0500
To: NY Max <gmax1@ellmax.com>
Subject: FW: Ghislaine Maxwell

FYI, following up on my email of this morning. Again, I have no intention of responding unless you direct otherwise.

From: [redacted]
Sent: Friday, March 04, 2011 11:12 AM
To: Brett D. Jaffe
Subject: Ghislaine Maxwell

Dear Brett Jaffe,

I left you a telephone message earlier. The Mail on Sunday newspaper is running a story on Ghislaine Maxwell, Jeffrey Epstein, Prince Andrew and others this weekend.

We urgently require responses from Ms Maxwell to the following questions. Our deadline is noon tomorrow. My telephone numbers are [redacted] or [redacted]

Annette Witheridge
On behalf of the Mail on Sunday

1. [redacted] says Ghislaine Maxwell offered her a job as a masseuse with Jeffrey Epstein when she was aged 15. Ms Maxwell led [redacted] upstairs on her first visit to him at his Palm Beach house. Mr Epstein was naked on massage table.
Ms Maxwell initiated a bisexual encounter during which Ms Maxwell rubbed her own breasts on Mr Epstein and directed [redacted] to copy her.

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Please respond to these allegations and all others in the original Jane Doe 102 complaint.

2. Ms Maxwell took part in numerous other sexual encounters involving her assistant [redacted] and Mr Epstein.

3. Ms Maxwell kept sex toys and costumes in the Palm Beach mansion and dressed [redacted] prior to sex sessions with Mr Epstein. S Maxwell herself wore black vinyl during sex sessions with Mr Epstein.

4. [redacted] was paid between US $200 and $ 5000 US sex, depending on whether it involved travel and other men.

5, [redacted] was required to have sex with friends of Ms Maxwell and Mr Epstein, including Glenn Dubin, Les Wexner, Ehud Barak, former Senator George Mitchell and Stephen Kosslyn.

6. Ms Maxwell introduced [redacted] to Prince Andrew in 2001 at Ms Maxwell's London house where [redacted] had sex with him. [redacted] subsequently was directed to meet him at Mr Epstein's New York house where Ms Maxwell directed [redacted] to sit on Andrew's knee with [redacted]. Andrew groped both girls. Ms Maxwell directed [redacted] after this to have sex with Andrew.
Ms Maxwell and Mr Epstein subsequently travelled with [redacted] to Little St James where she was directed to stage an orgy for Andrew and Mr Epstein during which she performed oral sex on them.

7. [redacted] was paid extra by Mr Epstein or his employees for these sexual encounters.

8. Ms Maxwell knew [redacted] age and laughed about it when she introduced her to Andrew.

9. Ms Maxwell and Mr Epstein tried to persuade [redacted] to bear his child.

10. After sexual encounters with male friends of Mr Epstein and/or Ms Maxwell, Ms Maxwell and Mr Epstein would ask [redacted] explicit questions about what went on.

11. Mr Epstein's residences in Florida and New York had surveillance cameras that taped the sex sessions and taped [redacted] even in the bathroom.

12. Ms Maxwell and Mr Epstein arranged for Ehud Barak to have sex with several girls, often at Mr Epstein's Palm Beach house. -

13. Ms Maxwell piloted President Bill Clinton in a helicopter to a dinner on Little St James where two brunettes Ms Maxwell, [redacted] and Mr Epstein were at the table.

14. Mr Epstein bought Ms Maxwell the helicopter, homes in New York and London and a Mercedes.

------ End of Forwarded Message

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return e-mail or by e-mail to jeevacation@gmail.com, and
destroy this communication and all copies thereof,
including all attachments. copyright -all rights reserved

Date: Sunday, April 3 2011 07:15 PM
Subject: Re: raw text
From: Jeffrey Epstein <jeevacation@gmail.com>
To: [redacted]

try opening in firefox

On Sun, Apr 3, 2011 at 1:50 PM, <[redacted]> wrote:

Ok. So if you would like [redacted] or [redacted] to call me and possibly they could read off to me.

Sent via BlackBerry by AT&T

From: Darren Indyke [redacted]
Date: Sun, 3 Apr 2011 12:54:56 -0400
To: Lesley Groff<[redacted]>
Cc: Jeffrey Epstein<jeevacation@gmail.com>
Subject: Re: raw text

I also could only open 1st doc and don't have Je's highlights from the other docs.

Sent from my iPhone
On Apr 3, 2011, at 10:08 AM, Lesley Groff <[redacted]> wrote:

> Scott was able to send me the attachments below but there are no highlights. Darren, if you want to call me and read me the highlights, I can type them on a Word Doc as you dictate...(?) (Even when Scott opened them on his end he had no highlights)
>
> ---------- Forwarded message ----------
> From: **Scott Denett** [redacted]
> Date: Sun, Apr 3, 2011 at 10:04 AM
> Subject: raw text
> To: Lesley Groff <[redacted]>
>
> According to Friday's *NY Post* Jeffrey Epstein returned to New York City "making wisecracks about his just-ended jail stint for having sex with an underage girl". "I'm not a sexual predator, I'm an 'offender,' " the Wall Street hedge fund manager told *The Post*. "It's the difference between a murderer and a person who steals a bagel," said Epstein.
> Well that's not exactly the correct analogy...
> Not only are Epstein's comments brazen, they are arrogant and self-implicating. By telling a reporter "I'm an offender", he seems to be admitting guilt.
> Which brings me to the big question of the day. Why did Cyrus R. Vance Jr., the Manhattan D.A., allow a Level 3 sex offender (the most dangerous kind) to reside -- even for ten minutes -- in a house that is right next to Central Park and a school? Isn't that unlawful given the housing guidelines for sex offenders?
> According to the *NYPost*, Epstein's Level 3 designation means that he is at "high risk" to repeat his offense and poses "a threat to public safety."
> When I rang Vance (twice) to discuss Epstein's residential guidelines he did not take my calls.

According to a few of the attorneys who represented Epstein's victims in the civil cases, the financier never agreed to a psychological evaluation prior to or during his sentence, a requirement of all sexual predators.
While Epstein's self-incriminating statements are published (this week he told the *Post* "the crime that was supposedly committed in Florida is not a crime in New York" -- an interesting choice of words -- he continues to mock the law that applies to all other sex offenders who are found guilty of the same crime.
Epstein served 13 months in the West Palm Beach Stockade and 18 months under community control (a rather permissive version of house arrest), for 2 Counts of Solicitation of Prostitution with a Minor.
In August of 2010, immediately following his release from "community control", Epstein returned to his $50 million East 71st Street town house given to him by his former client and long time friend Leslie Wexner.
Just in the last few weeks he held a house warming dinner to celebrate his release from jail and reportedly invited television reporters Katie Couric, Charlie Rose, George Stephanopoulus and his close friend, HRH Prince Andrew, according to the *NY Post*.
You would think these professional television reporters would have done their homework prior to accepting his invitation no matter how desperate they were to rub elbows with Prince Andrew.
According to a 53-page sealed indictment Epstein was facing 10 years to life on multiple counts of statutory rape, and child sex trafficking.
Court documents in that case claimed he routinely sought out girls as young as 14 and paid them $200 to $1,000 for sexually explicit massages in his homes in Palm Beach, Fla., and Manhattan.
In the New York sex-offender database, Epstein isn't registered under a zip code rather a "name search" option that does not list his New York address.
The reason for this is because Epstein's Upper East Side home is considered "temporary" and by NY state law, he is required to provide only his permanent address to the database.
Epstein is currently listed under his Florida home even though he is no longer a Florida resident either (after his arrest he immediately became a US VI resident), but then again who's keeping count?
Once again these are mere technicalities when it comes to Epstein's sexual predator case. The two most disturbing parts of this story are that this could easily happen again and that once again there will be no justice.
Had Epstein been a caring benefactor contributing to society and these young girl's education and well being then the world would have judged him differently.
What he has done instead is the exact opposite -- causing enormous damage to hundreds of underage girls who could have been sponsored towards a better education.
With respect to Manhattan DA Cyrus Vance, I'm confused by his decision to allow this sexual predator to live at his Fifth Avenue house all this time (since August 2010), given his rather tough stance on gun control as witnessed by his testimony in Friday's *NYPost* when asked about a Florida driver cleared in a Manhattan weapon's charge, "guns brought illegally into New York City" he said, " for any reason violate well established state laws and are a threat to our public safety".
Then wouldn't a registered sex offender living 500 feet from a park (Central Park where young girls congregate), and with resources to spare be an even more dangerous threat to society?

The Billionaire Pedophile's Sex Den
by Conchita Sarnoff javascript:void(0)

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- http://www.thedailybeast.com/blogs-and-stories/2010-07-22/jeffrey-epstein-pedophile-billionaire-and-his-sex-den/full/
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- Email
- javascript:void(0)

Newscom **Hedge fund mogul and sex offender Jeffrey Epstein, who went free this week, lived in a depraved world of thrice-daily massages, pornographic artwork, and hush money—that's only now being revealed. Conchita Sarnoff reports on the sordid details in part two of her exclusive exposé. Also:**

• Nude images of young girls were scattered around the house and the bathroom soap was shaped like sex organs

• Staff trolled for fresh recruits to make sure Epstein had two or three massage appointments each day

• The house manager has been sentenced to a longer prison term than Epstein—for trying to sell notes regarding massage appointments

• Epstein gave $1 million to his friend Jean Luc Brunel when he was starting the modeling agency MC2

• According to a former bookkeeper, young girls were brought to the U.S. by MC2—often from Eastern Europe—then traveled on Epstein's private jets

Jeffrey Epstein's loyal friends say that his prosecution was unduly harsh, rather than outrageously lenient. They insist that his sexual habits, although obsessive and unusual, were mostly legal and essentially harmless. As the police records attest, the girls brought to El Brillo Way were routinely told they could "say no" at any time during a massage as Epstein escalated contact in a step-by-step assault that was remarkably similar in every victim's statement: First she would be asked to remove her shirt, then her pants. He would attempt to fondle her buttocks and breasts as he masturbated, then bring out a large vibrator. There was sometimes digital penetration, and the more willing girls were lured into full-blown sexual relations with both Epstein and Nadia Marcinkova, who was referred to in press accounts and police reports as Epstein's live-in "sex slave."

A former bookkeeper in the Miami office, who also arranged visas for girls traveling to the U.S., confirmed that MC2 girls became frequent guests on Epstein's private jets.

It's true that some underage girls may have lied about their age, and some came to the house voluntarily several times—although, according to Florida statutes, none of that has any bearing on the criminality of the contact, particularly if the girl was 16 or younger. But what is particularly disturbing about this case—judging by arrangements at the Palm Beach house—is that Epstein, a billionaire hedge-fund manager, organized his life around this sexual compulsion in an open and methodical way that suggests he felt he was beyond the law.

• Conchita Sarnoff: Epstein Faces Sex Traffic Probe

• Billionaire Pedophile Goes Free

According to police who executed a search warrant, the house was decorated with large, framed photos of nude young girls, and similar images were found stashed in an armoire and on the computers seized at the house (although police found only bare cables where other computers had been). Some bathrooms were stocked with soap in the shape of sex organs, and various sex toys, such as a "twin torpedo" vibrator and creams and lubricants available at erotic specialty shops, were stowed near the massage tables set up in several rooms upstairs.

Epstein also enlisted his staff in the predatory activity, and four—Sarah Kellen, Adriana Ross, Lesley Groff, and Marcinkova—figured in the FBI investigation. The Non Prosecution Agreement stipulated that they would not be charged. According to police reports and sworn statements in the civil suits, all four women, among their other duties, worked to ensure that an appointment book for twice- or thrice-daily "massages" was stocked with fresh recruits. Ghislaine Maxwell, daughter of the late Czechoslovakian-born press baron Robert Maxwell, who was for many years Epstein's live-in partner, also recruited young girls.

Since his 13-month sentence for soliciting prostitution with a minor, Epstein has settled more than a dozen lawsuits brought by underage girls. Seven victims reached a last-minute deal last week, days before a scheduled trial; each received well over $1 million—an amount that will hardly dent Epstein's $2 billion net worth.

The victims told police they waited in the kitchen to be called upstairs for a massage, and the house chef often gave them a bite to eat. House manager Alfredo Rodriguez said in his sworn statement that a maid named Lupita, who was a devout Catholic, wept when she complained to him about cleaning up after the

massage sessions, picking up soiled towels and putting away the sex toys. And she was upset that a photo of Epstein with the pope hung next to one of him with a young girl.

Ironically, Rodriguez, who ran the house on El Brillo Way in 2004 and 2005, ended up being sentenced to more jail time than his boss as a result of the complex investigation into Epstein's activities. He was fired, he says, for inadvertently drawing police attention to one of the girls when she arrived at the house unannounced to collect money. He saw an unfamiliar "beater" in the driveway one evening and called 911. When he left Epstein's employ, Rodriguez took away some notes and emails about massage appointments as "protection" against his own prosecution, and failed to produce them during the Palm Beach Police Department's initial investigation.

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- http://www.thedailybeast.com/blogs- and-stories/2010-07-22/jeffrey-epstein-pedophile-billionaire-and-his-sex-den/full/
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Unable to get work as a house manager elsewhere in South Florida, he says, Rodriguez later tried to sell this "golden nugget"—his term—for $50,000, to be used in the victims' civil suits. Unfortunately, he made the offer to an undercover cop, and was subsequently charged with "obstruction of official proceedings" for withholding information that could have advanced the criminal investigation of Epstein—which by that point had been settled in a plea deal. Rodriguez was sentenced to 18 months in federal prison (Epstein was allowed to serve 13 months in the Palm Beach county jail), and now awaits an additional sentence on Aug. 24 in federal court in Miami for transporting firearms, another deal he says he made to pay the bills after he lost his job.

In a deposition given for the civil suits, Rodriguez testified that he was instructed to always have $2,000 in cash on hand, so that he could pay both the girls who gave massages and recruiters such as Haley Robson who brought them to the house. He also testified that Epstein made large contributions to the Palm Beach Police Department, and in return was given PBPD baseball hats to put on the dashboard of his various cars to avoid being stopped or ticketed by local police. Retired Police Chief Michael Reiter, in his own deposition, acknowledged that, in addition to earlier donations to the police department (which are fairly common in well-heeled Palm Beach), Epstein had recently given the department $100,000 for some sophisticated equipment. The police were still researching the purchase when Epstein came under suspicion, and Reiter ordered the money returned. (Guy Frostin, one of Epstein's local attorneys, told police that Epstein also gave $100,000 to the Florida Ballet for massages, because he was "very passionate" about massages being "therapeutically and spiritually" beneficial. Yet victims told police they had no massage training.)

Perhaps most disturbing, in terms of possible sex trafficking, was Epstein's relationship with Jean Luc Brunel, owner of the MC2 modeling agency. According to a complaint filed in the U.S. District Court for the Southern District of Florida, an alleged victim said that Epstein, Maxwell, Brunel, Rodriguez, and Marcinkova "deliberately engaged in a pattern of racketeering that involved luring minor children through MC2, mostly girls under the age of 17, to engage in sexual play for money." (Which would amount to trafficking.)

Brunel is a 50-plus French playboy who was formerly part owner of Karin, a Paris-based modeling agency. He lives in New York and South Beach, Florida, and owns 85 percent of MC2, which has offices in New York, Miami, and Tel Aviv. (The remaining 15 percent is owned by his partner, Jeff Fuller.) Brunel has been observed as a house guest at Epstein's Palm Beach home and may well have had contact with him also in New York, where Epstein owns a lavish home, and in Paris, where Epstein keeps an apartment on elegant Ave. Foch.

CBS reporter Craig Pyes, who investigated Brunel for a *60 Minutes* broadcast many years ago, is quoted in Michael Gross' book about the modeling industry, *Model: The Ugly Business of Beautiful Women*.

Pyes told the author that Brunel "ranks among the sleaziest people in the fashion industry. We're talking about a conveyor belt, not a casting couch. Hundreds of girls were not only harassed but molested." Now The Daily Beast has learned that Epstein had made a $1 million wire transfer to Brunel's offshore bank account in September 2004, just as he was setting up MC2. Whether this was a gift or a loan or a backdoor investment in the new venture is unknown. A French citizen who managed to avoid giving evidence in the Epstein investigation, Brunel declined to comment on any of this, as does Fuller. Asked in April of Brunel's activities, Epstein said "I'm 100 percent convinced that he doesn't traffic children." (Brunel has never been charged.)
An American fashion designer who booked her girls through MC2 says they were very young and very beautiful; many were from Eastern Europe and spoke little English. A former bookkeeper in the agency's Miami office, who also arranged visas for girls traveling to the U.S., confirmed that MC2 girls became frequent guests on Epstein's private jets.
Pilot logs obtained in the civil suits show that some of the named plaintiffs were on the flight manifests. Other times, the pilot would just list the other passengers plus "female."

Posted 02 August 2010 - 12:47 AM

Jeffrey Epstein, Jew Billionaire Pedophile, Child Trafficker Goes Free..WoW! 20 year old Hearsay is enough to destroy catholic priest. What happened here to the justice system?

Conchita Sarnoff
http://www.thedailyb...hile- goes-free/
Conchita Sarnoff has developed multimedia communication programs for Fortune 500 companies and has produced three current events debate television programs, The Americas Forum, From Beirut to Kabul, and a segment for The Oppenheimer Report. She is writing a book about child trafficking in America.

Hedge fund mogul and sex offender Jeffrey Epstein, who went free this week, lived in a depraved world of thrice-daily massages, pornographic artwork, and hush money—that's only now being revealed. Conchita Sarnoff follows up on her investigation of the legal wrangling that saved him from a long prison term and reports on the sordid details in part two of her exclusive exposé. Also:

• Palm Beach's police chief objected to Epstein's "special treatment" and gave The Daily Beast an exclusive look at his nine-hour deposition about the investigation.

• Earlier versions of the U.S attorney's charges, including a sealed 53-page indictment, could have landed Epstein in prison for 20 years.

• Victims alleged that Epstein molested underage girls from South America, Europe, and the former Soviet republics, including three 12-year-old girls brought over from France as a birthday gift.

• The victims also alleged trips out of state and abroad on Epstein's private jets, which would be evidence of sex trafficking—a much more serious federal crime than the state charges Epstein was convicted of.

• Epstein's attorneys investigated members of the Palm Beach Police Department, while others ordered private investigators to follow and intimidate the victims' families; one even posed as a police officer.

• Then-Attorney General Alberto Gonzales told The Daily Beast that he "would have instructed the Justice Department to pursue justice without making a political mess."

Film director Roman Polanski is not the only convicted pedophile to walk free this month and return to a life of privilege. On Wednesday, hedge fund manager Jeffrey Epstein completes his one-year house arrest in Palm Beach, which has been even less arduous than Polanski's time at a Swiss ski chalet.

Watch Jeffrey Epstein Storm Out of a Deposition When Asked About His Penis

During Epstein's term of "house arrest," he made several trips each month to his New York home and his private Caribbean island. In the earlier stage of his sentence for soliciting prostitution with a minor—13 months in the Palm Beach Stockade—he was allowed out to his office each day. Meanwhile, Epstein has settled more than a dozen lawsuits brought by the underage girls who were recruited to perform "massages" at his Palm Beach mansion. Seven victims reached a last-minute deal last week, days before a scheduled trial; each received well over $1 million—an amount that will hardly dent Epstein's $2 billion net worth.

• Conchita Sarnoff: Epstein Faces Sex Traffic Probe
• The Billionaire Pedphile's Sex Den
With that, the known victims of Epstein's sexual compulsion have been officially silenced, and the case against him is closed unless new ones come forward. According to banking sources, he has been moving assets out of the U.S. and may well follow Polanski into a luxurious exile.

But the question remains: Did Epstein's wealth and social connections—former President Bill Clinton; Prince Andrew; former Israeli Prime Minister Ehud Barak; New Mexico Gov. Bill Richardson; and former Treasury Secretary Larry Summers were just a few of the prominent passengers on his private jets—allow him to receive only a slap on the wrist for crimes that carry a mandatory 20-year sentence? Was he able, with his limitless assets and heavy-hitting lawyers—Alan Dershowitz, Gerald Lefcourt, Roy Black, Kenneth Starr, Guy Lewis, and Martin Weinberger among them—to escape equal justice?

Epstein Faces Sex-Traffic Probe
http://www.thedailyb...obref=obnetwork

The Justice Department is investigating Jeffrey Epstein for child trafficking, The Daily Beast has learned—and has widened the scope of its probe to include a famous modeling agency.

Hedge-fund manager Jeffrey Epstein completed his sentence for soliciting prostitution with a minor last week. But it appears his problems may not be over. Now The Daily Beast has learned that:

• Federal investigators continue to investigate Epstein's activities, to see whether there is evidence of child trafficking—a far more serious charge than the two in his non-prosecution agreement, the arrangement between Epstein and the Department of Justice allowing him to plead guilty to lower-level state crimes. Trafficking can carry a 20-year sentence.

• The FBI is also investigating Epstein's friend Jean Luc Brunel, whose MC2 modeling agency appears to have been a source of girls from overseas who ended up on Epstein's private jets.

Because Epstein's predatory habits stretch back many years and involved dozens of young-looking girls, there may well be more evidence to uncover.

Under the concept of double jeopardy, Epstein can no longer be prosecuted for any of the charges covered by his non-prosecution agreement, in which he agreed to serve a short term of incarceration, fund the civil suits of named victims, and register as a sex offender. The victims who accepted cash

settlements in these civil suits agreed not to testify against him or speak publicly about the case. However, new evidence developed by the Department of Justice on other offenses not covered by the agreement, including allegations by additional victims who come forward, could lead to new charges. There is no statute of limitations in the federal sex-trafficking law, which was also enacted by the state of Florida in 2002. Because his predatory habits stretch back many years and involved dozens of young-looking girls, there may well be more evidence to uncover. (Several young women who claim to be Epstein victims have recently contacted a Ft. Lauderdale lawyer, but to date no new civil complaints have been filed.)

• Conchita Sarnoff: The Billionaire Pedphile's Sex Den
• Billionaire Pedophile Goes Free
These new developments come one week after the publication of two articles in The Daily Beast about Epstein's pattern of sexual contact with underage girls, which Palm Beach police began investigating in 2005 and the U.S. Attorney's office then settled in a 2007 plea deal. The first article quoted a deposition by then-Palm Beach Chief of Police Michael Reiter, in which he stated that Epstein, a billionaire with many powerful friends, had received special treatment in both his plea deal and the terms of his incarceration. Although federal investigators at one point produced a draft 53-page indictment against Epstein, he was eventually allowed to plead guilty to only two relatively minor state charges and receive a short term of incarceration: 13 months in the county jail, during which he went to the office every day, and one year of community control, during which he traveled frequently to New York and his private island in the Virgin Islands.

The Daily Beast has now discovered another instance in which Epstein apparently received special consideration: As a convicted sex offender, he is required by law to undergo an impartial psychological evaluation prior to sentencing and to receive psychiatric treatment during and after incarceration. This is because child molesters tend to be repeat offenders with high rates of recidivism. According to a source in law enforcement, however, Epstein was allowed to submit a report by his private psychologist, Dr. Stephen Alexander of Palm Beach, Florida, whose phone has since been disconnected with no forwarding information.

The Daily Beast's second article provided details about Epstein's systematic abuse of underage girls at his Palm Beach mansion, where members of his staff allegedly recruited and paid a parade of teenagers, most of them 16 or younger, to perform daily massages that devolved into masturbation, groping, and sometimes full-blown sexual contact. It also revealed a monetary relationship between Epstein and Jean Luc Brunel, a frequent visitor to whom he gave $1 million around the same time that Brunel was starting his MC2 modeling agency. Some of the young girls MC2 recruited from overseas—often from Eastern Europe and South America—are known to have been passengers on Epstein's private jets.

The U.S. Attorney General's Office in Florida says that it is against policy to confirm or deny the existence of an investigation. Jeffrey Epstein's lawyer, Jack Goldberger, says he has no knowledge of an ongoing probe, and he told The Daily Beast, "Jeffrey Epstein has fully complied with all state and federal requirements that arise from the prior proceedings in Palm Beach. There are no pending civil lawsuits. There are not and should not be any pending criminal investigations, given Mr. Epstein's complete fulfillment of all the terms of his non-prosecution agreement with the federal government."

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0
#2 bruce

- Registered User
-
- Group: Members

- Posts: 11113
- Joined: 12-August 08

Posted 02 August 2010 - 12:59 AM
These slugs leave slime wherever they go.america is owned by these pigs.filthy pigs.
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- Joined: 12-August 08

Posted 02 August 2010 - 12:59 AM
These slugs leave slime wherever they go.america is owned by these pigs.filthy pigs.
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return e-mail or by e-mail to jeevacation@gmail.com, and
destroy this communication and all copies thereof,
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From: Jeffrey Epstein <jeevacation@gmail.com>
Sent: Thursday, January 31, 2013 11:37 AM
To: [redacted]
Subject: Re:

yes but with a 2.2 billion dollar top. most planes are above 100 each, hence the issue

On Thu, Jan 31, 2013 at 7:32 AM, [redacted] wrote:

Apparently Brazil is a hot investment place now (?) It is more about the offset part than the jet deal. France, Sweden and USA are all lobbying to get the jet deal as aviation is tied into potentially big tourism deals. (36 planes)
I was just on a call with a guy in Sweden who is dealing with this...
I never know if the stories are real, but he claims to work with the Brazilian president, Obama, Warren Buffet etc..

From: Jeffrey Epstein <jeevacation@gmail.com>
To: [redacted]
Sent: Thursday, January 31, 2013 5:47 AM
Subject: Re:

brazil , has tried to buy fighters, in the past, they don't have a lot of money,

On Thu, Jan 31, 2013 at 6:36 AM, Nadia <[redacted]> wrote:

Hmm, so the offset service provider does what - negotiation between the parties? Complex sounds interesting...

From: Jeffrey Epstein <jeevacation@gmail.com>
To: [redacted]
Sent: Thursday, January 31, 2013 3:36 AM
Subject: Re:

Yes , one of the most complex negotiations they re very strange. Someone buys fighters but with the fighter money , some must be used for specific third party items. I will buy your pussy for 10k, but with 2 of the 10 you have to buy me food. And to make matter worse I need to borrow thev10 from you.

On Thursday, January 31, 2013, [redacted] wrote:

Do you understand offset agreements? I got asked to be involved in negotiating some of the deals between Brazil and other countries in regards to the purchase of new fighter jets..

What is an offset service provider?

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The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for

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Jeffrey Epstein
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destroy this communication and all copies thereof,
including all attachments. copyright -all rights reserved

From: Vinit Sahni [redacted]
Sent: 3/14/2014 2:24:19 AM
To: jeevacation@gmail.com
CC: Paul Morris [redacted]
Subject: Re: Oil options
Attachments: graycol.gif

Importance: High

Classification: External Communication

I am on a plane to and from tokyo tomorrow next 2-3 days, if u need something otherwise available 24/7 on +447703720599.

Vinit Sahni

----- Original Message -----
From: Vinit Sahni
Sent: 03/13/2014 09:47 PM EDT
To: jeevacation@gmail.com
Cc: Paul Morris
Subject: Fw: Oil options
Classification: External Communication

Jeffrey - apologise if this long to execute next time we'll be much quicker.

Nav Gupta

----- Original Message -----
From: Nav Gupta
Sent: 03/12/2014 09:35 PM GDT
To: "jeevacation@gmail.com" <jeevacation@gmail.com>
Cc: Tazia Smith; Paul Morris/db/[redacted] Vinit Sahni/db/[redacted]
Subject: Oil options
Jeffrey

Just got off the phone with Vinit.
DB stopped marketmaking OTC oil options - for short dated I'd go for exch traded - better liquidity and lower transaction costs in and out.

My central scenario - Kerry Lavrov meeting Friday will be a bust and the Crimea referendum this weekend will result in "yes" given the 59pct ethic Russian makeup. Sunday/ Monday sanction rhetoric from ranging from g8 expulsion to Iran-style bank embargo is raised a notch. Russia follows with more threats of counter-sanctions. My sense is the Obama 5m of 696m SPR release is to show Merkel and co he will step in. He needs to because there are 8 small European and Baltic countries that rec 70%+ of their gas from Russia. Germany gets 30%.

Cross asset correlations outside of the US are increasing past few days - eg copper and the Turkish lira hourly charts are on top of each other past 4 days. I'm worried there is a 30-40pct(?) chance of a hard risk off move in markets in first half of next week - more focused on European equities, copper, EM FX (Turkey, ZAR, Ruble etc) than SPX. In that scenario oil is way up.

Exchange WTI calls - there are 2 options (as of 3pm est):

5day expiry 17march 2014 underlying clj4 97.92
and
35d expiry 16april2014 underlying clk4 97.59

** The 5 day options are a bit short - one possibility is sell a 3usd out of the money put (95.5 strike) for 20cents and buy a 2usd OTM 100 call for 25. Net pay 5cents. But 5d is a bit short for me.

**For 35d expiry You could look at selling 91.50 (6usd OTM put) for 56cents and buying 103c (5.5usd OTM) for 58cents or the 102c (4.5usd OTM) for 76cents.

CL1 <comdty> OMON on Bloomberg has live strikes and bid/ask.

If 5d is too short and 35d is too long / not enough gamma, Tazia may be able to source liquidity from the street. Am Cc'ing her for any live pricing or additional comment

Best
Nav
[redacted]c
h

This e-mail may contain confidential and/or privileged information. If you are not the intended recipient (or have received this e-mail in error) please notify the sender immediately and delete this e-mail. Any unauthorized copying, disclosure or distribution of the material in this e-mail is strictly forbidden.

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From: Vinit Sahni [redacted]]
Sent: 3/14/2014 4:41:47 AM
To: Jeffrey Epstein [jeevacation@gmail.com]
Subject: Re: Oil options

Importance: High

Classification: External Communication

Agree will address, need to fix this.
Back mid day tuesday from tokyo.

From: Jeffrey Epstein [jeevacation@gmail.com]
Sent: 03/13/2014 11:39 PM AST
To: Vinit Sahni
Subject: Re: Oil options

thanks 4 hours for a quote in a normally fast moving market ? confirms my voiced concerns

On Thu, Mar 13, 2014 at 10:24 PM, Vinit Sahni <[redacted]> wrote:

Classification: External Communication

I am on a plane to and from tokyo tomorrow next 2-3 days, if u need something otherwise available 24/7 on [redacted]

Vinit Sahni

----- Original Message -----
From: Vinit Sahni
Sent: 03/13/2014 09:47 PM EDT
To: jeevacation@gmail.com
Cc: Paul Morris
Subject: Fw: Oil options

Classification: External Communication

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Nav Gupta

----- Original Message -----
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To: "jeevacation@gmail.com" <jeevacation@gmail.com>
Cc: Tazia Smith; Paul Morris/db/[redacted] Vinit Sahni/db/[redacted]
Subject: Oil options

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and
35d expiry 16april2014 underlying clk4 97.59

** The 5 day options are a bit short - one possibility is sell a 3usd out of the money put (95.5 strike) for 20cents and buy a 2usd OTM 100 call for 25. Net pay 5cents. But 5d is a bit short for me.

**For 35d expiry You could look at selling 91.50 (6usd OTM put) for 56cents and buying 103c (5.5usd OTM) for 58cents or the 102c (4.5usd OTM) for 76cents.

CL1 <comdty> OMON on Bloomberg has live strikes and bid/ask.

If 5d is too short and 35d is too long / not enough gamma, Tazia may be able to source liquidity from the street. Am Cc'ing her for any live pricing or additional comment

Best
Nav
[redacted] c
h

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From: Weingarten, Reid [redacted]
Sent: 3/15/2017 12:14:18 PM
To: jeffrey E. [jeevacation@gmail.com]
Subject: Re:

Importance: High

Corruption...client is Richard ireland

Sent from my BlackBerry 10 smartphone.

From: jeffrey E.
Sent: Wednesday, March 15, 2017 8:12 AM
To: Weingarten, Reid
Subject: Re:

turk or...

On Wed, Mar 15, 2017 at 8:08 AM, Weingarten, Reid <[redacted]> wrote:

Pennsylvania

Sent from my BlackBerry 10 smartphone.

From: jeffrey E.
Sent: Tuesday, March 14, 2017 10:52 PM
To: Weingarten, Reid
Subject: Re:

Which case

On Tue, Mar 14, 2017 at 9:55 PM Weingarten, Reid <[redacted]n> wrote:

Bet trump leaked the 2 pages...cross the government's star witness tomorrow...it's odd I still do this shit...

Sent from my BlackBerry 10 smartphone.

From: jeffrey E.
Sent: Monday, March 6, 2017 10:59 AM
To: Weingarten, Reid
Subject:

jack morris partner marino could be the problem forlicencing. ribis can help i think

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Describe WE Talks, and why you believe it's different from other "empowerment series."

WE Talks ("WE" standing for women empowerment) is an event series for female entrepreneurs and professionals organized on a monthly basis. The idea of WE Talks was to create an intimate environment where our attendees can build relationships in an organic way, based on mutual interests and shared values. We encourage our guests to learn not only from our speakers, but also from each other, to connect exchange contacts, and stay in touch. WE Talks is a "safe space," where it is ok to express your vulnerability (most speakers on our panel address not only their past challenges, but also the current pressing issues), and to ask the community for support and guidance. We also hope that as our community grows, our members meet future business partners, advisors, investors, and friends.

After attending many business events in NYC and internationally, I have noticed that women are less likely to network and introduce themselves than their male peers. That's why, at every event that we host we try to make curated introductions and make sure that each guest meets at least three people relevant to her business.

Part of the inspiration for WE Talks was birthed from a negative experience at a popular "empowerment" event. Share that story and how it motivated you to start WE Talks.

Ever since I moved to NY, I have been searching for a community where I would feel comfortable and could turn for guidance. A while ago, I attended a very interesting and intellectually stimulating women summit aimed at empowering female founders and helping them scale up. As the second day of the conference was coming to an end, the participants were encouraged to publicly express their take always. After a long hesitation, I asked for the microphone. It was a big challenge for me, being terrified of public speaking and English being only my third language. I am not sure whether my manner of speaking, or my accent was the reason why the host cut me off after 10 seconds and asked to hurry. After not getting the support I had been looking for from something that was described as the most inclusive and friendly community, I decided to start my own. At WE Talks, we are very inclusive and don't make judgements based on your accent or physical appearance. If you are driven, ambitious, thoughtful, and giving - you are always welcome here!

Why is now a more important time than ever for a WE Talks?

I believe the women movement to be one of the most fascinating phenomena of our times. The woman's role has changed so much in modern society with more women taking leadership positions and starting their own companies. The modern woman is wearing more hats than ever. In the 80-s, a successful woman was expected to pursue an education and then to get married and raise children. Right now, women are expected to have successful careers, be equal financial contributors to the family, and yet maintain their traditional "feminine" roles, including taking care of the home, cooking, and raising kids.

Yet women with full-time jobs still earn only about 77 percent of their male counterparts' earnings. About four-in-ten employed women say they have experienced some form of gender discrimination at work. There is also a serious gender gap in startup rates of men and women, where there are about seven women entrepreneurs for every ten men entrepreneurs. The statistics is pretty gloomy in both corporate and startup world. The share of female Fortune 500 CEOs has dropped by 25% in 2018 to 5%. Female founders receive only 2% percent of the venture capital. Nevertheless, female-founded startups generate more revenue and do it with less funding.

I think networking a paramount to business and personal success. For ages, men had men only clubs, including cigar clubs, university clubs, golf clubs etc. Even nowadays, male investors and intrapreneurs would go out for drinks and talk about business. Women are starting to do it, but just don't do it enough. Curated networking, right introductions, and a solid community would help narrow the gender gap.

You were a model, then ran a nonprofit, and now you've started WE Talks. Where did you learn to have the courage to "put yourself out there" and take risks again and again?

I think risk taking is in my DNA. I grew up playing tennis competing on a Junior Circuit and simply couldn't envision a predictable and "normal" life in Moscow. I

come from a very patriarchate society where women are encouraged to study and to meet future husband in the their early 20s, then to get married and to take care of the home. The entrepreneurship “à la russe” usually includes your husband or father “buying” a beauty salon/ retail brand/ fashion magazine and the woman “running it”, usually without a solid understanding how business operates and mostly without ever becoming profitable. It just wasn’t for me. My biggest fear in life was not that of failure, but that of leading the most predictable life in Moscow and being like everyone else. I saw modeling not as long-term career path, but a way to explore the world, gain financial independence, and eventually move to the US (I got denied for a tourist visa but approved for a work permit in the fashion industry). My parents and friends thought I was completely out of my mind when I quit a well-paid job in finance to move to Milan, but in less than two years I had enough savings to invest in real estate in Russia (one of the best investment decisions I have ever made).

Modeling is one of the most competitive industries in the world where thousands of women compete for one job. The supply outweighs the demand dramatically, and consequently most models (even the most accomplished ones) have to face rejection on a daily basis. Embracing rejection and maintaining confidence at the same time is one of the most important lessons I have learned from modeling.

What's a challenge or failure you've faced in your journey thus far? From growing up in an intellectual family in Moscow until now. How did you get through that challenge? What did you learn from it that has led to your entrepreneurial resilience today?

I grew up in the 90-s in Moscow, one of the most dramatic and controversial times in Russian history. When Soviet Union collapsed, my family was on the one hand excited about the future opportunities, but in the other hand, completely unprepared for capitalism. In order to provide, both of my parents had to quit high rank government jobs and to start their careers from scratch trying to embrace entrepreneurship – something that used to be condemned during the communist regime. In 1998, Russia experienced one of the worst financial crises in its history, resulting in our government defaulting on its debt. The situation was so unstable and unpredictable that my parents thought it would be safer for me to get enrolled in college two years earlier than I was supposed to. We just couldn’t predict what

would happen next. I took high school graduation tests and then the college entrance exams (Russian system din not have SATs back then and every college required students to take particular exams to be admitted).

My family has always placed a high value on education and the only option we thought would help me succeed in life was the Moscow State University of Foreign Relations, famously referred to as “Harvard of Russia” by Henry Kessinger. My entrance grades were excellent and I got the state scholarship covering my tuition and living costs. Most of the students studying with me were coming from a completely different “oligarchy” world, driving (or being driven) the most expensive cars in the world and being accompanied by bodyguards. Girls would fly to Milan and Paris to shop the latest Chanel collections. I was an outlier, a normal kid, taking a bus and commuting for 2 hours to get to school. And I was pretty unhappy feeling that just didn’t belong to this world and got there by mistake. Not having many friends, I focused on my studies, graduating Cum Laude top on the class with only “A” grades in my diploma. Now looking back, I am incredibly grateful for something I used to see as a traumatizing experience. I would have never grown up as ambitious and resilient had I been given all the opportunities my peers had at a young age.

What's the biggest challenge(s) you're currently facing as you grow WE Talks - personally and/or professionally - and what are you doing to navigate that challenge(s)?

WE Talks started as an idea and became a rapidly growing community. We were expecting just about 30 attendees at our first gathering, but ended up having over 50 guests. Consequently, we have been growing at a 50% monthly rate and just had an event in partnership with TOPSHOP with over 100 attendees, including more than 30 entrepreneurs. One of the major challenges would be to keep growing at a sustainable pace and to turn the community into a business.
When I was just starting WE Talks, many told me that the event space market in NY in very saturated and that without a significant experience I the event space it would be incredibly hard to create a quality community. And yet here we are,

Anything else you want us to know?

After hosting a few successful events, WE are planning a bigger and better event in fall. In fact, WE are making a statement that women should not be judged based on their external beauty and should be rewarded for their intellect and hard work.

The majority of our society still emphasizes the importance of female physical qualities, such as beauty, body, or photogenic skills. Miss USA, the famous Beauty Pageant previously owned by Donald Trump, until this summer required the participants to pose in a swimsuit paired with high heels. Effective this year, the show will abolish the bikini contest. We think that it is time to take one step further and to finally start rewarding women for their mind, hard work, and creativity.

Our idea is to host a "Beauty Pageant" for female entrepreneurs and to have the top five finalists do a five-minute pitch in front of our jury. The finalists will not only get a money prize, but also receive a significant exposure to investors and media. We are hoping to get at least a few hundred applications as the application is completely free. Female founders should have equal opportunities and resources to their male counterparts. We hope that our event will encourage other female entrepreneurs and help them advance in their careers.

From: Jeffrey Epstein [jeevacation@gmail.com]
Sent: 3/14/2014 3:39:28 AM
To: Vinit Sahni [redacted]
Subject: Re: Oil options
Attachments: graycol.gif

Importance: High

thanks 4 hours for a quote in a normally fast moving market ? confirms my voiced concerns

On Thu, Mar 13, 2014 at 10:24 PM, Vinit Sahni <[redacted]> wrote:

Classification: External Communication

I am on a plane to and from tokyo tomorrow next 2-3 days, if u need something otherwise available 24/7 on [redacted]

Vinit Sahni

----- Original Message -----
From: Vinit Sahni
Sent: 03/13/2014 09:47 PM EDT
To: jeevacation@gmail.com
Cc: Paul Morris
Subject: Fw: Oil options

Classification: External Communication

Jeffrey - apologise if this long to execute next time we'll be much quicker.

Nav Gupta

----- Original Message -----
From: Nav Gupta
Sent: 03/12/2014 09:35 PM GDT
To: "jeevacation@gmail.com" <jeevacation@gmail.com>
Cc: Tazia Smith; Paul Morris/db/[redacted]; Vinit Sahni/db/[redacted]
Subject: Oil options

Jeffrey

Just got off the phone with Vinit.
DB stopped marketmaking OTC oil options - for short dated I'd go for exch traded - better liquidity and lower transaction costs in and out.

My central scenario - Kerry Lavrov meeting Friday will be a bust and the Crimea referendum this weekend will result in "yes" given the 59pct ethic Russian makeup. Sunday/ Monday sanction rhetoric from ranging from g8 expulsion to Iran-style bank embargo is raised a notch. Russia follows with more threats of counter-sanctions. My sense is the Obama 5m of 696m SPR release is to show Merkel and co he will step in. He needs to because there are 8 small European and Baltic countries that rec 70%+ of their gas from Russia. Germany gets 30%.

Cross asset correlations outside of the US are increasing past few days - eg copper and the Turkish lira hourly charts are on top of each other past 4 days. I'm worried there is a 30-40pct(?) chance of a hard risk off move in markets in first half of next week - more focused on European equities, copper, EM FX (Turkey, ZAR, Ruble etc) than SPX. In that scenario oil is way up.

Exchange WTI calls - there are 2 options (as of 3pm est):

5day expiry 17march 2014 underlying clj4 97.92
and
35d expiry 16april2014 underlying clk4 97.59

** The 5 day options are a bit short - one possibility is sell a 3usd out of the money put (95.5 strike) for 20cents and buy a 2usd OTM 100 call for 25. Net pay 5cents. But 5d is a bit short for me.

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CL1 <comdty> OMON on Bloomberg has live strikes and bid/ask.

If 5d is too short and 35d is too long / not enough gamma, Tazia may be able to source liquidity from the street. Am Cc'ing her for any live pricing or additional comment

Best
Nav
[redacted]c
[redacted]h

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From: jeffrey E. [jeevacation@gmail.com]
Sent: 8/23/2018 4:01:11 PM
To: Kathy Ruemmler [[redacted]
Subject: Re: NYTimes: Donald Trump's High Crimes and Misdemeanors

ill call you from new york

On Thu, Aug 23, 2018 at 11:55 AM, Kathy Ruemmler <[redacted]> wrote:
Rich person problem

On Aug 23, 2018, at 11:30 AM, jeffrey E. <jeevacation@gmail.com> wrote:

id, Morris concedes that *American Dharma* could be an uncomfortable experience for those still wrestling with the realities of the Trump era in America: "It's a kind of horror movie," says Morris. "I don't know how better to describe it."

On Thu, Aug 23, 2018 at 11:13 AM, Kathy Ruemmler <[redacted]> wrote:
It makes no difference whether it was his money. Issue is failure to disclose. Plus, fact that he has lied his ass off about it makes clear that he knew it was illegal.

On Aug 23, 2018, at 11:03 AM, jeffrey E. <jeevacation@gmail.com> wrote:

I think he makes the argument that it was his , trumps money , making it not illegal. though he also said he only found out afterwards? and the fact according to the indicment was billed as services rendered and grossed up. im sure his acct has flipped anyway. . I did talk in detail to starr yesterday re indicments how trump can make a deal (special counsel) . clintons trash can yes starr gave me more. YECHHHH! .

On Thu, Aug 23, 2018 at 10:50 AM, Kathy Ruemmler <[redacted]n> wrote:
Here's a story from The New York Times that I thought you'd find interesting:

The principled case for impeachment is clear. What's missing is the courage.

Read More...

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NATIONAL LABOR RELATIONS BOARD

29 CFR Part 104

RIN 3142–AA07

Notification of Employee Rights Under the National Labor Relations Act

AGENCY: National Labor Relations Board.

ACTION: Final rule.

SUMMARY: On December 22, 2010, the National Labor Relations Board (Board) issued a proposed rule requiring employers, including labor organizations in their capacity as employers, subject to the National Labor Relations Act (NLRA) to post notices informing their employees of their rights as employees under the NLRA. This final rule sets forth the Board's review of and responses to comments on the proposal and incorporates any changes made to the rule in response to those comments.

The Board believes that many employees protected by the NLRA are unaware of their rights under the statute and that the rule will increase knowledge of the NLRA among employees, in order to better enable the exercise of rights under the statute. A beneficial side effect may well be the promotion of statutory compliance by employers and unions.

The final rule establishes the size, form, and content of the notice, and sets forth provisions regarding the enforcement of the rule.

DATES: This rule will be effective on November 14, 2011.

FOR FURTHER INFORMATION CONTACT: Lester A. Heltzer, Executive Secretary, National Labor Relations Board, 1099 14th Street, NW., Washington, DC 20570, (202) 273–1067 (this is not a toll-free number), 1–866–315–6572 (TTY/TDD).

SUPPLEMENTARY INFORMATION:

I. Background on the Rulemaking

The NLRA, enacted in 1935, is the Federal statute that regulates most private sector labor-management relations in the United States.[1] Section 7 of the NLRA, 29 U.S.C. 157, guarantees that

> Employees shall have the right to self-organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in other concerted activities for the purpose of collective bargaining or other mutual aid or protection, and shall also have the right to refrain from any or all such activities[.]

In Section 1, 29 U.S.C. 151, Congress explained why it was necessary for those rights to be protected:

> The denial by some employers of the right of employees to organize and the refusal by some employers to accept the procedure of collective bargaining lead to strikes and other forms of industrial strife or unrest, which have the intent or the necessary effect of burdening or obstructing commerce[.] * * *
>
> * * * * *
>
> Experience has proved that protection by law of the right of employees to organize and bargain collectively safeguards commerce from injury, impairment, or interruption, and promotes the flow of commerce by removing certain recognized sources of industrial strife and unrest, by encouraging practices fundamental to the friendly adjustment of industrial disputes arising out of differences as to wages, hours, or other working conditions, and by restoring equality of bargaining power between employers and employees.
>
> * * * * *
>
> It is declared to be the policy of the United States to eliminate the causes of certain substantial obstructions to the free flow of commerce and to mitigate and eliminate these obstructions when they have occurred by encouraging the practice and procedure of collective bargaining and by protecting the exercise by workers of full freedom of association, self-organization, and designation of representatives of their own choosing, for the purpose of negotiating the terms and conditions of their employment or other mutual aid or protection.

Thus, Congress plainly stated that, in its judgment, protecting the rights of employees to form and join unions and to engage in collective bargaining would benefit not only the employees themselves, but the nation as a whole. The Board was established to ensure that employers and, later, unions respect the exercise of employees' rights under the NLRA.[2]

For employees to fully exercise their NLRA rights, however, they must know that those rights exist and that the Board protects those rights. As the Board explained in its Notice of Proposed Rulemaking (NPRM), 75 FR 80410, it has reason to think that most do not.[3]

The Board suggested a number of reasons why such a knowledge gap could exist—the low percentage of employees who are represented by unions, and thus lack an important source of information about NLRA rights; the increasing proportion of immigrants in the work force, who are unlikely to be familiar with their workplace rights; and lack of information about labor law and labor relations on the part of high school students who are about to enter the labor force.[4]

Of greatest concern to the Board, however, is the fact that, except in very limited circumstances, no one is required to inform employees of their NLRA rights.[5] The Board is almost unique among agencies and departments administering major

[1] Labor-management relations in the railroad and airline industries are governed by the Railway Labor Act, 45 U.S.C. 151 *et seq.*

[2] The original NLRA did not include restrictions on the actions of unions; those were added in the Labor-Management Relations (Taft-Hartley) Act of 1947, 29 U.S.C. 141 *et seq.*, Title I.

[3] The Board cited three law review articles in which the authors contended that American workers are largely unaware of their NLRA rights, that the Board can take action to vindicate those rights, and that this lack of knowledge stands in the way of employees' effectively exercising their rights. Peter D. DeChiara, "*The Right to Know: An Argument for Informing Employees of Their Rights under the National Labor Relations Act,*" 32 Harv. J. on Legis. 431, 433–434 (1995); Charles J. Morris, "*Renaissance at the NLRB—Opportunity and Prospect for Non-Legislative Procedural Reform at the Labor Board,*" 23 Stetson L. Rev. 101, 107 (1993); Morris, "*NLRB Protection in the Nonunion Workplace: A Glimpse at a General Theory of Section 7 Conduct,*" 137 U. Pa. L. Rev. 1673, 1675–1676 (1989). 75 FR at 80411.

[4] *Id.*

[5] The Board requires that employees be notified of their NLRA rights in only the following narrow circumstances: (1) For the three working days before a Board-conducted representation election, the employer is required to post a notice of election including a brief description of employee rights; see 29 CFR 103.20. (2) When an employer or a union has been found to have violated employee rights under the NLRA, it is required to post a notice containing a brief summary of those rights. (3) Before a union may seek to obligate newly hired nonmember employees to pay dues and fees under a union-security clause, it must inform them of their right under *NLRB* v. *General Motors*, 373 U.S. 734 (1963), and *Communications Workers* v. *Beck*, 487 U.S. 735 (1988), to be or remain nonmembers and that nonmembers have the right to object to paying for union activities unrelated to the union's duties as the bargaining representative and to obtain a reduction in dues and fees of such activities. *California Saw & Knife Works*, 320 NLRB 224, 233 (1995), enfd. sub nom. *Machinists* v. *NLRB*, 133 F.3d 1012 (7th Cir. 1998), cert. denied sub nom. *Strang* v. *NLRB*, 525 U.S. 813 (1998). The same notice must also be given to union members if they did not receive it when they entered the bargaining unit. *Paperworkers Local 1033 (Weyerhaeuser Paper Co.)*, 320 NLRB 349, 350 (1995), rev'd. on other grounds sub nom. *Buzenius* v. *NLRB*, 124 F.3d 788 (6th Cir. 1997), vacated sub nom. *United Paperworkers Intern. Union* v. *Buzenius*, 525 U.S. 979 (1998). (4) When an employer voluntarily recognizes a union, the Board has required that the employer must post a notice informing employees: (i) That the employer recognized the union on the basis of evidence that it was designated by a majority of the unit employees; (ii) the date of recognition; (iii) that all employees, including those who previously signed cards for the recognized union, have the right to be represented by a labor organization of their choice, or no union at all; (iv) that within 45 days of the date of the notice a decertification or rival petition, supported by 30 percent or more of the unit employees, may be filed with the Board and will be processed to an election; and, (v) that if no petition is filed within 45 days, the recognition will not be subject to challenge for a reasonable period to allow the employer and union to negotiate a collective-bargaining agreement. *Dana Corp.*, 351 NLRB 434 (2007).

Federal labor and employment laws in not requiring employers routinely to post notices at their workplaces informing employees of their statutory rights.[6] Given this common practice of workplace notice-posting, it is reasonable for the Board to infer that a posting requirement will increase employees' awareness of their rights under the NLRA.[7] Further support for that position is President Obama's recent Executive Order 13496, issued on January 30, 2009, which stressed the need for employees to be informed of their NLRA rights. Executive Order 13496 requires Federal contractors and subcontractors to include in their Government contracts specific provisions requiring them to post notices of employees' NLRA rights. On May 20, 2010, the Department of Labor issued a Final Rule implementing the order effective June 21, 2010. 75 FR 28368, 29 CFR part 471.

After due consideration, the Board has decided to require that employees of all employers subject to the NLRA be informed of their NLRA rights. Informing employees of their statutory rights is central to advancing the NLRA's promise of "full freedom of association, self-organization, and designation of representatives of their own choosing." NLRA Section 1, 29 U.S.C. 151. It is fundamental to employees' exercise of their rights that the employees know both their basic rights and where they can go to seek help in understanding those rights. Notice of the right of self-organization, to form, join, or assist labor organizations, to bargain collectively, to engage in other concerted activities, and to refrain from such activities, and of the Board's role in protecting those statutory rights is necessary to effectuate the provisions of the NLRA.

The Board believes that the workplace itself is the most appropriate place for communicating with employees about their basic statutory rights as employees. Cf. *Eastex, Inc.* v. *NLRB,* 437 U.S. 556, 574 (1978) ("[T]he plant is a particularly appropriate place for the distribution of [NLRA] material.").

Accordingly, and pursuant to its rulemaking authority under Section 6 of the NLRA, the Board proposed a new rule requiring all employers subject to the NLRA to post a copy of a notice advising employees of their rights under the NLRA and providing information pertaining to the enforcement of those rights. 75 FR 80411. For the reasons discussed more fully below, the Board tentatively determined that the content of the notice should be the same as that of the notice required under the Department of Labor's notice posting rule, 29 CFR part 471. *Id.* at 80412. Also, as discussed at length below, the Board proposed that failure to post the notice would be found to be an unfair labor practice—*i.e.,* to interfere with, restrain, or coerce employees in the exercise of their NLRA rights, in violation of Section 8(a)(1) of the NLRA. *Id.* at 80414. The Board also proposed that failure to post the notice could lead to tolling of the 6-month statute of limitations for filing unfair labor practice charges, and that knowing and willful failure to post the notice could be considered as evidence of unlawful motive in unfair labor practice cases. *Id.* The Board explained that the burden of compliance would be minimal—the notices would be made available at no charge by the Board (both electronically and in hard copy), and employers would only be required to post the notices in places where they customarily post notices to employees; the rule would contain no reporting or recordkeeping requirements. *Id.* at 80412. Finally, the Board expressed its position that it was not required to prepare an initial regulatory flexibility analysis of the proposed rule under the Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.,* and that the notice posting requirement was not subject to the Paperwork Reduction Act, 44 U.S.C. 3501 *et seq. Id.* at 80415–80416.

The Board invited comments on its legal authority to issue the rule, the content of the notice, the requirements for posting the notice, the proposed enforcement scheme, the definitions of terms in the proposed rule, and on its positions concerning the Regulatory Flexibility Act and the Paperwork Reduction Act. The Board stated that comments would be accepted for 60 days following the publication of the NPRM in the **Federal Register**, or until February 22, 2011. The Board received 6,560 comments by February 22. However, many late-filed comments were also submitted, and the Board decided to accept all comments that it received on or before March 23.[8]

In all, 7,034 comments were received from employers, employees, unions, employer organizations, worker assistance organizations, and other concerned organizations and individuals, including two members of Congress. The majority of comments, as well as Board Member Hayes' dissent, oppose the rule or aspects of it; many opposing comments contain suggestions for improvement in the event the Board issues a final rule. Many comments, however, support the rule; a few of those suggest changes to clarify or strengthen the rule. The Board wishes to express its appreciation to all those who took the time to submit thoughtful and helpful comments and suggestions concerning the proposed rule.[9]

After careful consideration of the comments received, the Board has decided to issue a final rule that is similar to that proposed in the NPRM, but with some changes suggested by commenters. The most significant change in the final rule is the deletion of the requirement that employers distribute the notice via email, voice mail, text messaging or related electronic communications if they customarily communicate with their employees in that manner. Other significant changes include clarifications of the employee notice detailing employee rights protected by the NLRA and unlawful conduct on the part of unions; clarification of the rule's requirements for posting notices in foreign languages; allowing employers to post notices in black and white as well as in color; and exemption of the U.S. Postal Service from coverage of the rule. The Board's responses to the comments, and the changes in the rule and in the wording of the required notice of employee rights occasioned by the comments, are explained below. (In his dissent, Board Member Hayes raises a number of points that are also made in some of the comments. The Board's responses to those comments should be understood as responding to the dissent as well.)[10]

[6] *See, e.g.,* Title VII of the Civil Rights Act of 1964, 42 U.S.C. 2000e–10(a); Age Discrimination in Employment Act, 29 U.S.C. 627; Family and Medical Leave Act, 29 U.S.C. 2601, 2619(a); Fair Labor Standards Act, 29 CFR 516.4 (implementing 29 U.S.C. 211). 75 FR 80411.

[7] As set forth in the NPRM, two petitions were filed to address this anomaly. 75 FR 80411.

[8] March 23, 2011 was the date that the Board downloaded all of the electronic and (pdf. versions of) hard copy comments it had received from *http://www.regulations.gov* and subsequently uploaded into a text analytics tool for coding and review.

A few commenters submitted their comments in both electronic and hard copy form. Because all comments received are included in the numbers cited in text above, those numbers overstate somewhat the number of individuals, organizations, etc. that submitted comments.

[9] Many comments charge that the Board is issuing the rule for political reasons, to encourage and spread unionism, to discourage employers and employees from engaging in direct communication and problem solving, to drive up union membership in order to retain agency staff, and even to "line [its] pockets." The Board responds that its reasons for issuing the rule are set forth in this preamble.

[10] The Board majority's reasoning stands on its own. By its silence, the majority does not adopt any characterization made by the dissent of the majority's rationale or motives.

II. Authority

Section 6 of the NLRA, 29 U.S.C. 156, provides that ''The Board shall have authority from time to time to make, amend, and rescind, in the manner prescribed by the Administrative Procedure Act [5 U.S.C. 553], such rules and regulations as may be necessary to carry out the provisions of this Act.'' As discussed in detail below, the Board interprets Section 6 as authorizing the rule.

A. The Board's Section 6 Rulemaking Authority

Numerous comments dispute the Board's statutory authority to enact the proposed rule. Many note the fact that the Board's rulemaking is constrained by Congressional intent as evidenced in its enabling statute. For instance, the American Trucking Association quotes a Ninth Circuit case explaining that Section 6 ''does not authorize the Board to promulgate rules and regulations which have the effect of enlarging its authority beyond the scope intended by Congress,'' [11] and similarly, the Motor & Equipment Manufacturers Association asserts, ''A regulation cannot stand if it is contrary to the statute.'' [12] The Board agrees that it may not exercise its rulemaking authority in a way contrary to that intended by Congress, but for the reasons discussed below it also does not believe that it has done so in this rule.

Several comments assert that because NLRA Section 6 is written in general, rather than specific, terms, the Board is not empowered to enact the proposed rule. For example, Associated Builders and Contractors argues that ''the lack of express statutory language under Section 6 of the NLRA to require the posting of a notice of any kind 'is a strong indicator, if not dispositive, that the Board lacks the authority to impose such a requirement * * *.'.'' [13] And the Heritage Foundation likewise argues that the Board's reliance upon its general Section 6 rulemaking authority does not suffice to meet the Administrative Procedure Act's requirement that the NPRM must ''reference the legal authority under which the rule is proposed.'' [14]

The Board believes that these comments are in error because the courts' construction of other statutes' general rulemaking authority, as well as Section 6 in particular, fully support its reading of this statutory provision. In fact, earlier this year, the Supreme Court issued a decision in *Mayo Foundation for Medical Education and Research* v. *United States* [15] (discussed more fully below), unanimously reaffirming the principle that a general grant of rulemaking authority fully suffices to confer legislative (or binding) rulemaking authority upon an agency.

Even prior to *Mayo,* a long line of both non-NLRA and NLRA cases supported reading Section 6 in the manner suggested by the Board. Over forty years ago, in *Thorpe* v. *Housing Authority,* [16] the Supreme Court found that the expansive grant of rulemaking authority in Section 8 of the Housing Act was sufficient to grant legislative rulemaking power to the Department of Housing and Urban Development. The Court further noted that ''[s]uch broad rule-making powers have been granted to numerous other federal administrative bodies in substantially the same language.'' [17] A few years later, in *Mourning* v. *Family Publication Services,* [18] the Court reaffirmed its stance in *Thorpe:*

> Where the empowering provision of a statute states simply that the agency may 'make * * * such rules and regulations as may be necessary to carry out the provisions of this Act,' we have held that the validity of a regulation promulgated thereunder will be sustained so long as it is 'reasonably related to the purposes of the enabling legislation.' [19]

Following the Supreme Court's lead, key circuit decisions then extended the notion that broad grants of rulemaking authority conveyed legislative rulemaking power.[20] Although the Board had historically chosen to make policy by adjudications, the Supreme Court, consistent with the non-NLRA case law, used a pair of Board enforcement cases to unanimously emphasize the existence of the Board's legislative rulemaking authority, *NLRB* v. *Wyman-Gordon Co.*[21] and *NLRB* v. *Bell Aerospace,*[22]

In 1991, after the Board enacted a rule involving health care units, the Supreme Court unanimously upheld that rule in *American Hospital Association* v. *NLRB.*[23] The Supreme Court found that the general grant of rulemaking authority contained in Section 6 of the Act ''was unquestionably sufficient to authorize the rule at issue in this case unless limited by some other provision in the Act.'' [24] As in *AHA,* there is no such limitation here on the Board's authority to enact the proposed Rule, as explained further below. As Senator Tom Harkin and Representative George Miller [25] emphasized in their comment, the Supreme Court in *AHA* examined ''the structure and the policy of the NLRA,'' in order to conclude:

> As a matter of statutory drafting, if Congress had intended to curtail in a particular area the *broad rulemaking authority* granted in § 6, we would have expected it to do so in language expressly describing an exception from that section or at least referring specifically to the section.[26]

Thus, the Court could not have been clearer that unless the Board is ''expressly'' limited in some manner, Section 6 empowers the Board to make ''such rules and regulations as may be necessary to carry out the provisions of this Act.'' This point was underscored

[11] *Gen. Eng'g, Inc.* v. *NLRB,* 341 F.2d 367, 374 (1965).

[12] Citing *United States* v. *O'Hagan,* 521 U.S. 642, 673 (1997). However, the Supreme Court actually held there that an agency's interpretation of its enabling statute must be given ''controlling weight unless it is arbitrary, capricious, or manifestly contrary to the statute.'' (quoting *Chevron U.S.A. Inc.* v. *Natural Res. Def. Council, Inc.,* 467 U.S. 837, 844 (1984)). There, the Court upheld the rule and found it was not arbitrary, capricious, or manifestly contrary to the statute.

[13] Quoting Member Hayes' dissent, 75 FR 80415.

[14] *See* 5 USC 553(b)(2). For this conclusion, the Heritage Foundation cites *Global Van Lines, Inc.,* v. *ICC,* 714 F.2d 1290, 1297–98 (5th Cir. 1983). But *Global Van Lines* did not find that a general statement of authority can never meet the APA's requirements to specify the legal authority for the rule. Instead, the Fifth Circuit held that that portion of the APA is violated when an agency chooses to rely on additional statutory provisions in support of its rule for the first time on appeal, and those grounds do not appear elsewhere in the administrative record. *See id.* at 1298–99. Here, in contrast, the grounds for the Board's rule are clearly laid out in subsection B, Statutory Authority, below.

[15] 131 S.Ct. 704, 713–14 (2011).

[16] 393 U.S. 268 (1969).

[17] *Id.* at 277 n. 28 (citations omitted). The rulemaking grant there at issue provided that HUD may, ''from time to time * * * make, amend, and rescind such rules and regulations as may be necessary to carry out the provisions of this Act,'' *id.* at 277, quite similar to Section 6 of the NLRA.

[18] 411 U.S. 356 (1973).

[19] *Id.* at 369 (quoting *Thorpe,* 393 U.S. at 280–81).

[20] *Nat'l Ass'n. of Pharm. Mfrs.* v. *FTC,* 637 F.2d 877, 880 (2d Cir. 1981) (''this generous construction of agency rulemaking authority has become firmly entrenched''); *Nat'l Petroleum Refiners Ass'n* v. *FTC,* 482 F.2d 672, 686 (D.C. Cir. 1973) (''plain, expansive language'' of the rulemaking grant at issue, together with the ''broad, undisputed policies'' meant to be furthered by Congress's enactment of the Federal Trade Commission Act of 1914, sufficed to grant the FTC substantive rulemaking authority).

[21] 394 U.S. 759, 764 (1969) (plurality opinion of Fortas, J., joined by Warren, C.J., Stewart, J., and White, J.), 770 (Black, J., Marshall, J., and Brennan, J), 777, 779 (Douglas, J.), 783 n. 2 (Harlan, J.).

[22] 416 U.S. 267, 295 (1974) (majority opinion of Powell, J., and dissenting opinion of White, J. (and three other justices)).

[23] 499 U.S. 606 (1991) (*AHA*).

[24] *Id.* at 609–10 (emphasis added).

[25] (Hereafter, Harkin and Miller.) Senator Harkin is the Chairman of the Senate Committee on Health, Education, Labor, and Pensions. Representative Miller is Ranking Member on the House Committee on Education and the Workforce.

[26] *Id.* at 613 (emphasis added).

in a Wagner Act-era Senate hearing, as cited by Americans for Limited Government (ALG), in which it was acknowledged that the language of Section 6 indeed grants "broad powers" to the Board.[27]

And in January of this year, a unanimous Supreme Court, in *Mayo Foundation for Medical Education and Research* v. *United States,* affirmed this key principle that a broad grant of statutory rulemaking authority conveys authority to adopt legislative rules.[28] *Mayo* concerned in part the question of how much deference a Treasury Department tax regulation should receive. In *Mayo,* an amicus argued that the Treasury Department's interpretation should receive less deference because it was issued under a general grant of rulemaking authority, as opposed to an interpretation issued under a specific grant of authority.[29] The Court responded by first explaining its earlier holding in *U.S.* v. *Mead,* that *Chevron* deference is appropriate "when it appears that Congress delegated authority to the agency generally to make rules carrying the force of law, and that the agency interpretation claiming deference was promulgated in the exercise of that authority." [30] Then, in significant part, the Court observed:

> *Our inquiry in that regard does not turn on whether Congress's delegation of authority was general or specific.*
>
> * * * * *
>
> The Department issued the full-time employee rule *pursuant to the explicit authorization to "prescribe all needful rules and regulations for the enforcement"* of the Internal Revenue Code. 26 U.S.C. 7805(a). We have found *such "express congressional authorizations to engage in the process of rulemaking"* to be "a very good indicator of delegation meriting Chevron treatment." [31]

And so, all nine members of the Supreme Court agreed on the following key principle: an express, albeit general, grant of rulemaking authority is fully sufficient for an agency to receive *Chevron* deference for its rulemaking. It follows that a broad grant of rulemaking authority will suffice for the agency to engage in legislative rulemaking in the first place. Thus, the Supreme Court's rulings continue to fully support a broad construction of Section 6.

Disputing this conclusion, ALG asserts that Section 6 was intended to be used "primarily" for procedural rulemaking, and cites a Senate report from the Wagner Act's legislative history. That Senate report explains: "[i]n no case do the rules have the force of law in the sense that criminal penalties or fines accrue for their violation, and it seems sufficient that the rules prescribed must be 'necessary to carry out the provisions' of the act." [32] The Board disagrees. The cited language merely proclaims the obvious, that no criminal penalties or fines accrue for violating the Board's rules. However, laws such as the NLRA that do not impose criminal penalties or fines for their violation can also have the "force of law" (which is perhaps why the Senate report used the limiting phrase "in the sense of"). The Supreme Court has previously recognized that final Agency orders under Sections 10 (e) and (f) of the Act, despite their non-self enforcing nature, have "the force and effect of law." [33] So too, do the Board's rules have the force and effect of law, as held by the Supreme Court in *AHA.*[34]

Several comments discuss whether Board Rule 103.20, which mandates the posting of an election notice in a workplace three working days prior to a representation election, should be considered analogous to the proposed rule. The United Food and Commercial Workers International Union (UFCW) comments that the election rule is, like the proposed rule, only minimally burdensome and further noted that it has never been challenged.[35] ALG disagrees that the election rule should be considered analogous here, because although in the election context a notice posting is the most feasible means to inform employees about an upcoming election that is occurring at a specific place and time, that is not the case in the NLRA rights context, in which employees can just search the Internet to find out more information. The Board agrees with the UFCW that posting a notice is a minimally burdensome way to ensure that employees receive certain information, although obviously, the proposed notice will reach many more employers over a much longer period of time than do election notices. And ALG's acknowledgment that a notice posting in the workplace is in fact sometimes the most feasible means to inform employees of important information supports the Board's belief, explained below, that workplace notice posting is a more efficient way of informing employees of their NLRA rights than relying on information available on the Internet.

A few comments argue that the Board is a law enforcement agency only, and should not be engaging in rulemaking for that reason. One comment asserts that "Congress did not intend to "empower the NLRB to be a rulemaking body, but rather an investigatory/enforcement agent of the NLRA." [36] The Board responds that by enacting Section 6, Congress plainly and explicitly intended to, and did, "empower the NLRB to be a rulemaking body." And, as shown above, *AHA* conclusively found that the Board is empowered to use its rulemaking powers, as the Court had previously indicated in *Wyman-Gordon* and *Bell Aerospace.*[37]

A joint comment submitted by Douglas Holtz-Eakin and Sam Batkins argues against the Board's assertion of Section 6 authority here by asserting that "the Supreme Court has circumscribed NLRB rulemaking in the past: 'The deference owed to an expert tribunal cannot be allowed to slip into a judicial inertia which results in the unauthorized assumption by an agency of major policy decisions properly made by Congress.' " However, that comment neglects to provide the citation for that quotation, *American Ship Building Co.* v. *NLRB,*[38] which was not a rulemaking case but an adjudication. In any event, the Board does not agree that this rule presumes to make a major policy decision properly made by Congress alone. As explained in subsection B,

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[27] Statement of Donald A. Callahan, U.S. Senate Committee on Education and Labor, March 29, 1935, *Legislative History of the National Labor Relations Act,* U.S. Government Printing Office, 1949, p. 2002.

[28] 131 S. Ct. 704, 713–14 (2011).

[29] *Id.* at 713.

[30] *Id.* (quoting *United States* v. *Mead,* 533 U.S. 218, 226–27 (2001)); *see also Chevron,* 467 U.S. at 842–43 (announcing two-part framework for determining whether courts should grant deference to agency interpretations of enabling statutes).

[31] *Mayo,* 131 S. Ct. at 713–14 (emphasis added and citations omitted).

[32] *See* Comparison of S. 2926 (73d Congress) and S. 1958 (74th Congress) 24 (Comm. Print 1935), reprinted in 1 Legislative History of the National Labor Relations Act, 1935, (1949) at 1349.

[33] *NLRB* v. *Sears, Roebuck & Co.,* 421 U.S. 132, 153–54 (1975) (ordering disclosure of such Agency opinions under the FOIA, and quoting legislative history of the FOIA to that effect, H.R. Rep. No. 1497, p. 7, U.S. Code Cong. & Admin. News, 1966, p. 2424).

[34] 499 U.S. at 609–10. But even if one were to construe the report in the way advocated by the comment, such reports themselves do not have the force and effect of law, *see Lincoln* v. *Vigil,* 508 U.S. 182, 192 (1993); *AHA,* 499 U.S. at 616, and thus at best are only potential evidence of legislative intent.

[35] However, it is incorrect that the rule has never been challenged; it has been challenged and upheld. *See Pannier Corp.* v. *NLRB,* 120 F.3d 603, 606–07 (6th Cir. 1997) (rejecting an as-applied challenge to Rule 103.20).

[36] Comment of Manufacturers' Association of South Central Pennsylvania.

[37] In *National Petroleum Refiners Ass'n* v. *FTC,* 482 F.2d 672 (D.C. Cir. 1973), the court rejected the argument that the FTC's prosecutorial functions rendered it unsuitable for issuing rules. By way of example, it noted that the NLRB is similar to the FTC in its methods of adjudication and enforcement, but the Supreme Court had repeatedly encouraged the Board to utilize its rulemaking powers. *Id.* at 684.

[38] 380 U.S. 300, 318 (1965).

Statutory Authority, below, the Board believes that it has been Congressionally authorized to make this regulatory decision in the interests of carrying out the provisions of the Act.

Many comments argue that the Board should heed the use of the word "necessary" in Section 6. For instance, the Portland Cement Association comments that Section 6 requires the Board to demonstrate that: (1) The specific rule being proposed is, in fact, necessary, and (2) the adoption of the proposed rule will carry out one or more specific provisions of the Act.[39] The Board believes, for the reasons expressed in subsection C, Factual Support, below, that the requisite showing of necessity has been made. And, as explained below, the adoption of the proposed rule is consistent with Section 1 and will help effectuate Sections 7, 8, 9 and 10 of the NLRA.

The Board, however, disagrees with the Motor & Equipment Manufacturers Association's assertion based upon the case of *West Virginia State Board of Education* v. *Barnette*[40] that the Board needs to show "a grave and immediate danger" before enacting a rule. First, that case held that that very rigorous standard of review is required only where a First Amendment freedom is alleged to have been infringed. The Court further noted that where the First Amendment is not implicated, the government may regulate an area so long as it has a "rational basis" for doing so. As explained in subsection B, Statutory Authority, below, this rule infringes upon no First Amendment interests, and consequently, the rule should be judged on a standard similar to the "rational basis" test laid out in *Barnette*. It was in fact just such a deferential standard which the Supreme Court used to examine the Board's health care rule in *AHA*. There, the Court found that even if it read Section 9 to find any ambiguity, it still would have deferred to the Board's "reasonable interpretation of the statutory text," and found the Board authorized under Sections 6 and 9 to enact the health care bargaining unit rule at issue.[41] No "grave and immediate danger" was found to be required prior to the Board enacting that rule. This ruling was also consistent with the Supreme Court's earlier holdings in *Thorpe* and *Mourning*, in which regulations promulgated under broadly phrased grants of authority needed to be only "reasonably related to the purposes of the enabling legislation." [42] For the reasons shown below, that standard is more than met in the present rule.

B. The Board's Statutory Authority To Issue This Rule

The National Labor Relations Act does not directly address an employer's obligation to post a notice of its employees' rights arising under the Act or the consequences an employer may face for failing to do so. However, as stated, NLRA Section 6 empowers the Board to promulgate legislative rules "as may be necessary to carry out the provisions" of the Act. 29 U.S.C. 156. A determination of necessity under Section 6 made by the Board, as administrator of the NLRA, is entitled to deference. *See Ragsdale* v. *Wolverine World Wide, Inc.*, 535 U.S. 81, 86 (2002).

Furthermore, even in the absence of express rulemaking authority, "the power of an administrative agency to administer a congressionally created * * * program necessarily requires the formulation of policy and the making of rules to fill any gap left, implicitly or explicitly, by Congress." *Morton* v. *Ruiz*, 415 U.S. 199, 231 (1974). Under the well-known test articulated by the Supreme Court in *Chevron U.S.A. Inc.* v. *Natural Resources Defense Council, Inc.*, 467 U.S. 837 (1984), courts will defer to the Board's reasonable interpretation of a gap left by Congress in the NLRA.

An examination of the provisions of the whole law demonstrate how the notice-posting rule is a legitimate exercise of both legislative rulemaking authority under Section 6 and implied gap-filling authority under *Chevron*, 467 U.S. at 843. Section 1 of the NLRA explains that Congress deliberately chose the means of "encouraging the practice and procedure of collective bargaining" and "protecting the exercise of workers of full freedom of association, self-organization, and designation of representatives of their own choosing" in order to combat the substantial burdens on commerce caused by certain employer and labor union practices as well as by the inherent "inequality of bargaining power between employees * * * and employers." 29 U.S.C. 151.[43] Section 7 therefore sets forth the core rights of employees "to self-organization"; "to form, join, or assist labor organizations"; "to bargain collectively"; and "to engage in other concerted activities"; as well as the right "to refrain from any or all such activities." *Id.* § 157. Section 8 defines and prohibits union and employer "unfair labor practices" that infringe on employees' Section 7 rights, *id.* § 158, and Section 10 authorizes the Board to adjudicate unfair labor practice claims, *id.* § 160, subject to the NLRA's procedural six-month statute of limitations, *see Zipes* v. *Trans World Airlines, Inc.*, 455 U.S. 385, 395 n.11 (1982). Finally, Section 9 authorizes the Board to conduct representation elections and issue certifications. 29 U.S.C. 159.

Notably, the NLRA does not give the Board or its General Counsel roving investigatory powers. Although the Board is specifically empowered to "prevent" unfair labor practices, *id.* § 160(a), "[t]he Board may not act until an unfair labor practice charge is filed * * * alleging a violation of the Act." 2 The Developing Labor Law 2683 (John E. Higgins, Jr. ed., 5th ed. 2006). In addition, certification "procedures are set in motion with the filing of a representation petition." *Id.* at 2662. In both instances, the initiating document is filed by a private party. *Id.* at 2683 (citing 29 CFR 102.9); *id.* at 2662–63 (citing 29 U.S.C. 159(c)(1)(A), (B), and (e)(1)).

Enforcement of the NLRA and effectuation of Congress's national labor policy therefore depend on the existence of outside actors who are not only aware of their rights but also know where they may seek to vindicate them within appropriate timeframes. The Department of Labor made a similar finding in an analogous rulemaking proceeding under the Fair Labor Standards Act: "effective enforcement of the [FLSA] depends to a great extent upon knowledge on the part of covered employees of the provisions of the act and the applicability of such provisions to them, and a greater degree of compliance with the act has been effected in situations where employees are aware of their rights under the law." 14 FR 7516, 7516 (Dec. 16, 1949). Given the direct relationship between employees' timely awareness of their rights under the NLRA and the Board's

[39] *See also* comment of Americans for Limited Government, citing to *AFL–CIO* v. *Chao*, 409 F.3d 377, 391 (D.C. Cir. 2005) for the same principle.

[40] 319 U.S. 624, 639 (1943).

[41] 499 U.S. at 614.

[42] *Mourning*, 411 U.S. at 369 (quoting *Thorpe*, 393 U.S. at 280–81).

[43] These regulations are entirely compatible with the national labor policy, as expressed in Section 1, "to eliminate the causes of certain substantial obstructions to the free flow of commerce and to mitigate and eliminate these obstructions when they have occurred." 29 U.S.C. 151 (fifth paragraph). As explained below, the Board's ability to "eliminate" the causes of labor strife and depressed wage rates, "which have the intent or necessary effect of burdening or obstructing commerce," *id.*, depends on workers' knowledge of their rights and the protections provided by the NLRB. The Board therefore rejects the argument of the Manufacturer's Association of South Central Pennsylvania that both the notice-posting rule and the Board's general assertion of rulemaking authority are inconsistent with Section 1.

ability to protect and enforce those rights, this rule is "necessary" for purposes of Section 6.

Aside from the rule's manifest necessity, the notice posting requirement fills a *Chevron*-type gap in the NLRA's statutory scheme. Thus, as discussed, the purpose of Section 1, as implemented in Sections 7 and 8, is to encourage the free exercise and enforcement of the Act's provisions, and fulfillment of that purpose depends on the private initiative of employees and employers to commence Board representation proceedings pursuant to Section 9 and Board unfair labor practice proceedings pursuant to Section 10. The effective working of the NLRA's administrative machinery therefore presupposes that workers and their employers have knowledge of the rights afforded by the statute and the means for their timely enforcement. The statute, however, has no provision with respect to making that knowledge available, a subject about which the statute is completely silent.

This statutory gap has always been present but was of less significance in earlier years when the density of union organization was greater, since, as is widely recognized, unions have been a traditional source of information about the NLRA's provisions. *See Lechmere, Inc.* v. *NLRB,* 502 U.S. 527, 531–32 (1992) (reaffirming that the Section 7 rights of employees interested in union organization depend to some extent on their having access to unions); *Harlan Fuel Co.,* 8 N.L.R.B. 25, 32 (1938) (holding that the rights guaranteed to employees by Section 7 include "full freedom to receive aid, advice and information from others concerning [their self-organization] rights"); cf. *Chamber of Commerce of the United States* v. *Brown,* 554 U.S. 60, 68 (2008) (observing that Section 7 "implies an underlying right to receive information"). Moreover, as rates of unionization have declined, employees are less likely to have experience with collective bargaining or to be in contact with other employees who have had such experience. The statutory gap is thus now important to the Board's administration of the NLRA and its role in enforcing employees' rights.

As the Supreme Court has observed,

> The responsibility to adapt the Act to changing patterns of industrial life is entrusted to the Board. * * * It is the province of the Board, not the courts, to determine whether or not the "need" [for a Board rule] exists in light of changing industrial practices and the Board's cumulative experience in dealing with labor-management relations. For the Board has the "special function of applying the general provisions of the Act to the complexities of industrial life," and its special competence in this field is the justification for the deference accorded its determination.

NLRB v. *J. Weingarten, Inc.,* 420 U.S. 251, 266 (1975) (citations omitted). Consistent with this understanding of the Board's role, the notice-posting regulations represent an attempt to "adapt the Act" in light of recent realities and "the Board's cumulative experience." *Id.* The rule is wholly consistent with the aims of the NLRA, and the "need" for it now is heightened given the "changing patterns of industrial life." *Id.*

For all these reasons, this rule is entitled to deference regardless of how it is characterized because it is "reasonably related to the purposes of the enabling legislation," *Thorpe,* 393 U.S. at 280–81, and constitutes a "'reasonable interpretation' of the enacted text," *Mayo,* 131 S. Ct. at 714 (quoting *Chevron,* 467 U.S. at 844).

In response to the NPRM, a number of arguments have been made challenging the Board's statutory authority to promulgate the notice posting rule. As explained below, the Board does not find merit in any of these arguments.

1. Limitations on the Board's Rulemaking Authority Implied by Sections 9 and 10 of the Act

Of the comments that address the Board's statutory authority to issue this rule, many express agreement with the dissenting views of Member Hayes that were published in the NPRM. Member Hayes criticized the basis for the rule and questioned the Board's statutory authority to promulgate and enforce it. *See* 75 FR 80415. He specifically referred to Section 10 as an obstacle to the proposed rule, because it "indicate[d] to [him] that the Board clearly lacks the authority to order affirmative notice-posting action in the absence of an unfair labor practice charge filed by an outside party." *Id.*

Many comments submitted in response to the NPRM, such as those of the Texas Association for Home Care & Hospice and those of the Independent Bakers Association, interpret Section 10 to prohibit the Board from ordering any affirmative act that does not address the consequences of an unfair labor practice. Although this proposition may be true when the Board acts through adjudication—the administrative function to which Section 10 directly applies—it does not perforce apply when the Board specifies affirmative requirements via rulemaking under Section 6. *See Clifton* v. *FEC,* 114 F.3d 1309, 1312 (1st Cir. 1997) ("Agencies are often allowed through rulemaking to regulate beyond the express substantive directives of the statute, so long as the statute is not contradicted.") (citing *Mourning*). If it did, then the Board's longstanding rule mandating that employers post an election notice three days before a representation election would be subject to challenge on that ground. *See* 29 CFR 103.20; *see also Pannier Corp., Graphics Div.* v. *NLRB,* 120 F.3d 603, 606–07 (6th Cir. 1997) (rejecting an as-applied challenge to § 103.20). Furthermore, under *American Hospital Association,* the Board's exercise of its broad rulemaking authority under Section 6 is presumed to be authorized unless elsewhere in the Act there is "language expressly describing an exception from that section or at least referring specifically to the section." 499 U.S. at 613. Section 10 does not refer to the Board's Section 6 authority.

Some comments, such as those of the Council on Labor Law Equality (COLLE), contend that the Board has no authority whatsoever to administer the NLRA unless a representation petition or unfair labor practice charge has been filed under Sections 9 or 10, respectively. The Board declines to adopt such a narrow view of its own authority. Certainly, the Board cannot issue certifications or unfair labor practice orders via rulemaking proceedings. But that is not what this rule does. As explained above, by promulgating the notice-posting rule, the Board is taking a modest step that is "necessary to carry out the provisions" of the Act, 29 U.S.C. 156, and that also fills a statutory gap left by Congress in the NLRA.

Moreover, the argument advanced by COLLE and others fails to appreciate that the Board's authority to administer the Act is not strictly limited to those means specifically set forth in the NLRA. Rather, as the Supreme Court has recognized, the NLRA impliedly authorizes the Board to take appropriate measures "to prevent frustration of the purposes of the Act." *NLRB* v. *Nash-Finch Co.,* 404 U.S. 138, 142 (1971). By way of example, the Supreme Court pointed out that its decisions had recognized the Board's implied authority to petition for writs of prohibition against premature invocation of the review jurisdiction of the courts of appeals, *see In re NLRB,* 304 U.S. 486, 496 (1938); to institute contempt proceedings for violation of enforced Board orders, *see Amalgamated Util. Workers* v. *Con. Edison Co.,* 309 U.S. 261 (1940); and to file claims in bankruptcy for Board-awarded backpay, *see Nathanson* v. *NLRB,* 344 U.S. 25 (1952). Relying on

that precedent in *Nash-Finch Co.*, the Supreme Court concluded that the Board also had implied authority "to enjoin state action where [the Board's] federal power preempts the field." 404 U.S. at 144. Like these judicially recognized powers, the notice-posting requirement that is the subject of this rulemaking has not been specifically provided for by Congress. But the cited cases demonstrate that Congress need not expressly list a power for the Board to legitimately exercise it. Indeed, the notice-posting requirement is not even an implied power of the Board in the same sense as those previously mentioned. Rather, it is the product of the Board's exercise of express rulemaking authority and inherent gap-filling authority, both of which have been delegated to the Board by Congress.

2. The First Amendment and Section 8(c) of the NLRA

A handful of commenters argue that the notice-posting requirement violates the First Amendment to the Constitution, Section 8(c) of the NLRA, or both. For example, the Center on National Labor Policy, Inc. maintains that "compelling an employer to post its property with a Notice that asserts the statutory 'rights' and employer obligations, runs counter to constitutional views long protected by the Supreme Court." The Center also argues that the "proposed poster would impede the employer's statutory right to express itself on its own property." Along these same lines, the National Right to Work Legal Defense Foundation, Inc. and others on whose behalf it writes contend that "the Board's proposal for forced speech favoring unionization directly conflicts with the First Amendment and longstanding federal labor policy under Section 8(c) that employers and unions should be able to choose themselves what to say about unionization." These concerns were echoed by the National Association of Wholesaler-Distributors. In addition, two attorneys affiliated with Pilchak Cohen & Tice, P.C., which they describe as "a management-side labor and employment law firm," argue that the notice-posting requirement "tramples upon employers' Free Speech rights by regulating the content of information that employers are required to tell employees and by compelling them to post the Notice containing pro-union NLRA rights, when it is almost assuredly not the employers' prerogative to do so." The Independent Association of Bakers goes further and characterizes the regulation as an unconstitutional "gag order" that "prohibits the employer from telling the truth about the impact a union might pose to his business." The Board rejects these arguments.

As an initial matter, requiring a notice of employee rights to be posted does not violate the First Amendment, which protects the freedom of speech. Indeed, this rule does not involve employer speech at all. The government, not the employer, will produce and supply posters informing employees of their legal rights. The government has sole responsibility for the content of those posters, and the poster explicitly states that it is an "official Government Notice"; nothing in the poster is attributed to the employer. In fact, an employer has no obligation beyond putting up this government poster. These same considerations were present in *Lake Butler Apparel Co.* v. *Secretary of Labor,* 519 F.2d 84, 89 (5th Cir. 1975), where the Fifth Circuit rejected as "nonsensical" an employer's First Amendment challenge to the Occupational Safety and Health Act requirement that it post an "information sign" similar to the one at issue here. As in *Lake Butler,* an employer subject to the Board's rule retains the right to "differ with the wisdom of * * * this requirement even to the point * * * of challenging its validity. * * * But the First Amendment which gives him the full right to contest validity to the bitter end cannot justify his refusal to post a notice * * * thought to be essential." *Id.; see also Stockwell Mfg. Co.* v. *Usery,* 536 F.2d 1306, 1309–10 (10th Cir. 1976) (dicta) (rejecting a constitutional challenge to a requirement that an employer post a copy of an OSHA citation).

But even if the Board's notice-posting requirement is construed to compel employer speech, the Supreme Court has recognized that governments have "substantial leeway in determining appropriate information disclosure requirements for business corporations." *Pac. Gas & Elec. Co.* v. *Pub. Utils. Comm'n,* 475 U.S. 1, 15 n.12 (1985). This discretion is particularly wide when the government requires information disclosures relevant to the employment relationship. Thus, as the D.C. Circuit has observed, "an employer's right to silence is sharply constrained in the labor context, and leaves it subject to a variety of burdens to post notices of rights and risks." *UAW-Labor Employment & Training Corp.* v. *Chao,* 325 F.3d 360, 365 (D.C. Cir. 2003) (*UAW* v. *Chao*) (citing *Lake Butler,* 519 F.2d at 89). Accordingly, the Board's notice-posting requirement is not susceptible to a First Amendment challenge.[44]

The Board is equally satisfied that the rule does not violate NLRA Section 8(c), 29 U.S.C. 158(c), which creates a safe harbor for noncoercive speech in the unfair labor practice area. Specifically, Section 8(c) shields from unfair labor practice liability "[t]he expressing of *any views, argument or opinion,*" provided that "such expression contains no threat of reprisal or force or promise of benefit." *Id.* (emphasis added). A government poster containing accurate, factual information about employees' legal rights "merely states what the law requires." *Lake Butler,* 519 F.2d at 89. For that reason, "[t]he posting of the notice does not by any stretch of the imagination reflect one way or the other on the views of the employer." *Id.*[45]

[44] The decision of the intermediate state court in *Smith* v. *Fair Employment & Housing Commission,* 30 Cal. Rptr. 2d 395 (Cal. Ct. App. 1994), rev'd on other grounds, 913 P.2d 909 (Cal. 1996), lends no support to arguments challenging these regulations on First Amendment grounds. There, the California Court of Appeal held that a landlord's right to freedom of speech was "implicate[d]," *id.* at 401–02, by a state fair housing agency's remedial order requiring her to sign, post, and distribute notices "setting out the provisions of [the fair housing statute], the outcome of th[e] case, and the statement that [she] practices equal housing opportunity." 913 P.2d at 914. The *Smith* case is not persuasive here because the notice at issue in *Smith* would not merely have set forth the rights of prospective buyers or renters but also would have contained a signed statement from the landlord which would have given the false appearance that she agreed with the state's fair housing "concepts and rules," despite her religious beliefs to the contrary. 30 Cal. Rptr. 2d at 401. That feature of the case has no parallel here. Here, by contrast, employers are not required to sign the informational notice, and as noted, nothing in the poster is attributed to them. The Board further notes that the *Smith* decision is not authoritative because it was superseded by the California Supreme Court's grant of review in that case. *See* 913 P.2d at 916 n.*.

[45] The Employers Association of New Jersey is therefore off the mark when it argues that the notice-posting requirement is preempted under the principles of *Lodge 76, International Ass'n of Machinists & Aerospace Workers* v. *Wisconsin Employment Relations Commission,* 427 U.S. 132 (1976), as an attempt to regulate employer speech "about unionization and collective bargaining." As explained above, the employer's choice whether to express its own views, arguments, or opinions is wholly unaffected by a requirement to post a government-provided notice summarizing what the law requires. Indeed, consistent with both *Machinists* and the policy of Section 8(c) '"to encourage free debate on issues dividing labor and management,"' *Brown,* 554 U.S. at 67 (quoting *Linn* v. *United Plant Guard Workers, Local 114,* 383 U.S. 53, 62 (1966)), employers remain free under this rule—as they have in the past—to express noncoercive views regarding the exercise of these rights as well as others. *See, e.g., United Techs. Corp.,* 274 N.L.R.B. 609, 609, 618–20, 624–26 (1985), enforced sub nom. *NLRB* v. *Pratt & Whitney Air Craft Div.v., United Techs. Corp.,* 789 F.2d 121 (2d Cir. 1986); *Warrensburg Bd. & Paper Corp.,* 143 N.L.R.B. 398, 398–99 (1963), enforced, 340 F.2d 920 (2d Cir. 1965). For this reason, the Board finds it unnecessary to adopt the proposal made by the

But even if the new rule is understood to compel employer speech, Section 8(c) "'merely implements the First Amendment.'" *Brown,* 554 U.S. at 67 (quoting *NLRB* v. *Gissel Packing Co.,* 395 U.S. 575, 617 (1969)). Thus, if a First Amendment challenge to the rule must fail, so too must a challenge based on Section 8(c). Such was the holding of the D.C. Circuit in *UAW* v. *Chao.* There, the court was presented with a preemption argument, grounded in Section 8(c), challenging a Federal procurement regulation that required contractors to post a notice informing their employees of certain NLRA rights. The D.C. Circuit interpreted Section 8(c) as coextensive with the scope of free speech rights protected by the First Amendment and upheld the procurement regulation in light of well-established free speech jurisprudence in the labor context. *See* 325 F.3d at 365.

3. Lack of Contemporaneity With the Enactment of the NLRA

Several comments attack the notice-posting regulation for its lack of contemporaneity with the enactment of the NLRA. For example, many comments criticize the regulation by noting that "this is a new rule interpreted into the Act 75 years after its passage." The Board rejects these contentions for two reasons.

First, the Supreme Court has repeatedly "instructed that 'neither antiquity nor contemporaneity with [a] statute is a condition of [a regulation's] validity.'" *Mayo,* 131 S. Ct. at 712 (alterations in original) (quoting *Smiley* v. *Citibank (S.D.), N.A.,* 517 U.S. 735, 740 (1996)); *see also Smiley,* 517 U.S. at 740 (deferring to a regulation "issued more than 100 years after the enactment" of the statutory provision that the regulation construed). Second, the argument fails to consider that much has changed since 1935, the year the NLRA was enacted. Unionization rates are one example. As pointed out in the NPRM and as confirmed by comments submitted by the Association of Corporate Counsel's Employment and Labor Law Committee, unionization rates increased during the early years of the Act, peaking at around 35 percent of the workforce in the mid-1950s. But since then, the share of the workforce represented by labor unions has plummeted to approximately 8 percent. As a result, fewer employees today have direct, everyday access to an important source of information regarding NLRA rights and the Board's ability to enforce those rights.

As noted above, "[t]he responsibility to adapt the Act to changing patterns of industrial life is entrusted to the Board." *J. Weingarten, Inc.,* 420 U.S. at 266. It would therefore be an abdication of that responsibility for the Board to decline to adopt this rule simply because of its recent vintage. Accordingly, the Board finds such arguments unpersuasive.

4. Comparison With Other Statutes That Contain Notice-Posting Requirements

Many comments note, as the Board did in the NPRM, that several other labor and employment statutes enacted by Congress contain express notice-posting provisions. *See* 75 FR 80411 (listing such statutes). Though a few such comments, such as those of the International Brotherhood of Teamsters, applaud the Board for "fill[ing] this glaring and indefensible gap," the bulk of these comments instead argue that the lack of a parallel statutory provision in the NLRA negates the existence of Board authority to issue this rule.

The Board notes that inferences gleaned from side-by-side comparisons to other statutes have diminished force when an agency uses its gap-filling authority under *Chevron.* There are many possible reasons why Congress did not include an express notice-posting provision in the NLRA. "Perhaps that body consciously desired the [agency] to strike the balance at this level * * *; perhaps it simply did not consider the question at this level; and perhaps Congress was unable to forge a coalition on either side of the question * * *." *Chevron,* 467 U.S. at 865. But, "[f]or judicial purposes, it matters not which of these things occurred." *Id.* Indeed, the central premise behind *Chevron* and its progeny is that agencies should be allowed reasonable latitude to fill gaps arising from congressional silence or ambiguity. Accordingly, "the contrast between Congress's mandate in one context with its silence in another suggests not a prohibition but simply a decision not to mandate any solution in the second context, *i.e.,* to leave the question to agency discretion." *Cheney R.R. Co.* v. *ICC,* 902 F.2d 66, 69 (D.C. Cir. 1990) (labeling the *expressio unius est exclusio alterius* canon "an especially feeble helper" in *Chevron* cases).

Arguments contrasting the NLRA with other federal enactments that contain notice-posting requirements might have some persuasive force if there were evidence that Congress had considered and rejected inserting such a requirement into the Act. However, nothing in the legislative history of the Act so indicates. Indeed, there is not the slightest hint that the omission of a notice-posting requirement was the product of legislative compromise and therefore implies congressional rejection of the idea. *Cf. Ind. Prot. & Advocacy Servs.* v. *Ind. Family & Soc. Servs. Admin.,* 603 F.3d 365, 384–85 (7th Cir. 2010) (en banc) (Posner, J., concurring) (inferring a private right of action from statutory silence in a case where such silence was not the product of "legislative compromise"). For these reasons, the Board rejects the Motor and Equipment Manufacturers Association's unsupported suggestion that there has been an affirmative "legislative determination not to include a posting requirement by employers that have not violated the Act."

A number of comments point out that Congress included a general notice-posting provision in the Railway Labor Act (RLA), which predates the NLRA. Given the relative proximity of these two enactments, some comments regard the absence of a notice-posting provision in the NLRA as strong evidence that Congress did not intend for there to be one. For reasons just explained, the Board does not find a side-by-side comparison with the RLA availing. In addition, the Board notes that although the NLRA and the RLA share several common features, the NLRA was not perfectly modeled after the RLA. *See Bhd. of R.R. Trainmen* v. *Chi. River & Ind. R.R. Co.,* 353 U.S. 30, 31 n.2 (1957) ("The relationship of labor and management in the railroad industry has developed on a pattern different from other industries. The fundamental premises and principles of the Railway Labor Act are not the same as those which form the basis of the National Labor Relations Act * * *.").

Finally, the Board notes that other federal departments and agencies have not understood Congress's failure to include an express provision containing a notice-posting requirement in a federal labor or employment statute as a bar to such a regulatory requirement. Like the NLRA, the Fair Labor Standards Act (FLSA), which was passed in 1938, does not contain a provision requiring employers to post a notice of pertinent employee rights. Yet the Department of Labor adopted a notice requirement now codified at 29 CFR 516.4. Furthermore, the Board is unaware of any challenge to the Labor Department's authority to promulgate or enforce the FLSA notice requirement, which has been in effect for over 60 years. *See* 14 FR 7516 (Dec.

Pilchak attorneys to revise the rule to specify that employers "may post a notice of equal dignity which advises employees of * * * additional rights and realities." Alternatively, the Pilchak attorneys propose that the Board amend the rule to permit employers to "alter the Poster and include additional rights." Adopting this suggestion would compromise the integrity of the notice as a communication from the government. It, too, is therefore rejected.

16, 1949), promulgating 29 CFR 516.18, the predecessor to 29 CFR 516.4.

5. The Teamsters 357 Decision

In response to the NPRM, the U.S. Chamber of Commerce submitted a comment that questions "how the proposal can be said to be consistent with" the Supreme Court's decision in *Local 357, International Brotherhood of Teamsters* v. *NLRB,* 365 U.S. 667 (1961). Specifically, the Chamber accuses the Board of ignoring the Court's admonition in that case warning that "[w]here * * * Congress has aimed its sanctions only at specific discriminatory practices, the Board cannot go farther and establish a broader, more pervasive regulatory scheme." *Id.* at 675. The Chamber reads this statement out of context.

To understand why the Board disagrees with the Chamber's view, further explanation of *Teamsters 357* is necessary. In that case, the Supreme Court rejected the Board's conclusion that a union had committed an unfair labor practice by operating an exclusive hiring hall pursuant to an agreement that contained a nondiscrimination clause but not three additional clauses that the Board had previously declared in its *Mountain Pacific* decision to be necessary to prevent " 'unlawful encouragement of union membership.' " *Id.* at 671 (quoting *Mountain Pacific Chapter,* 119 NLRB 883, 897 (1958)). The Court first noted that Congress had examined the operation of hiring halls and had decided not to ban them. *Id.* at 673–74. Next, the Court observed that NLRA Section 8(a)(3) " 'does not outlaw all encouragement or discouragement of membership in labor organizations; only such as is accomplished by discrimination is prohibited.' " *Id.* at 674–75 (emphasis added) (quoting *Radio Officers' Union* v. *NLRB,* 347 U.S. 17, 42–43 (1954)). Since the hiring hall agreement at issue in *Teamsters 357* "specifically provide[d] that there will be no discrimination * * * because of the presence or absence of union membership," the Court determined that the Board was attempting to protect against nondiscriminatory encouragement of union membership. *Id.* at 675. This was impermissible because "[w]here * * * Congress has aimed its sanctions only at specific discriminatory practices, the Board cannot go farther and establish a broader, more pervasive regulatory scheme." *Id.* at 676.

Properly understood, *Teamsters 357* does not preclude the Board from issuing the notice posting rule. The union had not committed an unfair labor practice in that case because its hiring hall agreement did not encourage or discourage union membership by "discrimination." *See id.* at 674–75. By faulting the union for not including in its agreement clauses that the Board's *Mountain Pacific* rule had declared necessary to prevent " 'unlawful encouragement of union membership,' " *id.* at 671 (quoting *Mountain Pacific Chapter,* 119 NLRB at 897), the Board had attempted to regulate hiring halls in a manner that was facially inconsistent with the discrimination requirement embedded in NLRA Section 8(a)(3) and (b)(2). Accordingly, the Chamber makes too much of the Court's statement prohibiting the Board from "establish[ing] a broader, more pervasive regulatory scheme" when "specific discriminatory practices" have already been outlawed. *Id.* at 676. By that, the Court simply meant to remind the Board that it may not administratively amend Section 8(a)(3) and (b)(2) to prohibit nondiscriminatory activity that might be viewed as undesirable because those statutory sections are clearly aimed only at "specific discriminatory practices." *Id.*[46]

This rulemaking does not involve those provisions of the NLRA that *Teamsters 357* addressed. Accordingly, the Board does not view that case as controlling the outcome of this proceeding.

6. Miscellaneous Matters

The Center on National Labor Policy, Inc., argues that the Board "must be mindful of the Supreme Court's admonition in *Lechmere[, Inc.]* v. *NLRB,* 502 U.S. 527, 534 (1992), that an employer possesses First Amendment rights to its property." The Board disagrees that the property rights discussed in *Lechmere* emanate from the First Amendment, *see Thunder Basin Coal Co.* v. *Reich,* 510 U.S. 200, 217 n.21 (1994) ("The right of employers to exclude union organizers from their private property emanates from state common law * * *."), and to the extent that the Center's reference to the First Amendment asserts a conflict between these regulations and employers' right to free speech, that argument is rejected for reasons explained above. After quoting extensively from *Lechmere,* the Center next contends that "if a union has no access to company property to communicate with employees, neither does the Board without Section 10(c) authority." The Board rejects this argument because it fails to recognize the important substantive difference between the conduct at issue in *Lechmere,* which involved " 'trespassory organizational activity' " by nonemployees on the employer's grounds, *id.* at 535 (quoting *Sears, Roebuck & Co.* v. *San Diego Dist. Council of Carpenters,* 436 U.S. 180, 205 (1978)), and the regulations here which involve nothing more than the employer's responsibility to post an official notice of legal rights.

The Portland Cement Association (PCA) comments that the Board's failure to place the three law review articles that the Board cited to the NPRM[47] in the administrative docket is arbitrary and capricious. Although the Board provided the legal citations for these articles, PCA believes that it should not have to pay an electronic legal reporting service to access the material. The Board has placed these articles in the hard copy docket, but has not uploaded these articles to the electronic docket at *http://www.regulations.gov,* because such an action could violate copyright laws.[48]

Finally, one comment contends that requiring employers to set aside wall space for posting the notices violates the Takings Clause of the Fifth Amendment to the U.S. Constitution. The comment cites no authority for this proposition, which would seem to invalidate the notice-posting requirements under all other Federal and state workplace statutes. Accordingly, the Board rejects this contention.

In conclusion, the Board believe that it has fully demonstrated that it possesses sufficient statutory authority to enact the final rule, and therefore that it is not "in excess of statutory jurisdiction" or "short of statutory right" within the meaning of the Administrative Procedure Act, Section 706(2)(C), 5 U.S.C. 706(2)(C).

C. Factual Support for the Rule

As stated above, the Board found that the notice posting rule is needed because it believes that many employees are unaware of their NLRA rights and therefore cannot effectively exercise those rights. The Board based this finding on several factors: the comparatively small percentage of private sector employees who are represented by unions and thus have ready access to information about the

[46] To the extent that the Board espoused a contrary view of *Teamsters 357* in a prior rulemaking proceeding, that view is abandoned. *See* Union Dues Regulation, 57 FR 43635, 43637–38 (Sept. 22, 1992), *withdrawn,* 61 FR 11167 (Mar. 19, 1996).

[47] *See* NPRM, 75 FR 80411 and fn. 3 above.

[48] The Board has also placed the other non-case materials cited to in this final rule into the hard copy docket.

NLRA; the high percentage of immigrants in the labor force, who are likely to be unfamiliar with workplace rights in the United States; studies indicating that employees and high school students about to enter the work force are generally uninformed about labor law; and the absence of a requirement that, except in very limited circumstances, employers or anyone else inform employees about their NLRA rights. 75 FR 80411.

A large number of comments contend that the Board failed to demonstrate the necessity of the notice posting rule. They challenge each of the premises (except the last) underlying the Board's belief that employees are generally unaware of their NLRA rights.

Many comments assert that, contrary to the Board's belief, the right to join a union is widely known and understood by employees. For example:

—I believe the majority of employees know about labor unions and how to form a union, and this poster is unnecessary.[49]
—[I]t is hard to imagine that there are many in the US who do not know that they can try to join a union.
—The fact of the matter is that if a group of employees are upset enough with their current management that they feel they need union representation, they already know what they need to do as a recourse. And if they do not immediately know how to respond, there are plenty of resources for them.[50]
—We, the employees, know the unions exist, * * * If the employees want to know about unions, they should research it themselves. It is not as though the information is not readily available.

Some posit that comparatively few private sector employees are represented by unions not because employees do not know that they can join unions, but because they have consciously rejected union representation for any number of reasons (*e.g.*, they do not believe that unions can help them; they do not want to pay union dues; they deem union representation unnecessary in light of other workplace protection statutes). For example:

—Is it not just as probable that people clearly understand unions, and they have decided they want no part of them?
—Labor unions charge approximately 1.3% of pre-tax earnings for monthly dues. Many workers, especially those who lost their good paying jobs during this recession and have found new jobs at $10.00-$11.00 per hour wages, need the dues money themselves, in order to support their families.
—Membership is down because so many of the good things unions fought for a long time ago have been legislated, at either the Federal or State level, and so the need for unions has declined.[51]
—[M]ost employees are very aware of their rights to unionize and many employees choose not to do so because of the rights they already have under our federal and state laws.
—In fact, one could say that the NLRA and other employment laws have succeeded to the degree that unions are NOT necessary in today's work environment.[52]

A few comments question the Board's belief that immigrant workers are unfamiliar with their workplace rights.[53] Several comments argue that the NLRA has been in effect for nearly 76 years, which is sufficient time for employees to learn about its provisions.[54]

A number of comments argue that the studies cited in the NPRM are from the late 1980s and early 1990s and are therefore out of date[55] (and also, some say, poorly supported).[56] Moreover, those studies, whatever their value when published, predate the wide use of the internet. Now there are many online sources of information concerning unions and union organizing, including the Board's own Web site. According to these comments, it should not be necessary to require employers to post notices of NLRA rights because employees who are interested in learning about unions can quickly and easily find such information online.[57] One comment, like some others, argues that "If it is so important that employees know their rights under the NLRB it should be the government or union whose responsibility it is to inform them."[58] Two comments suggest that the Board conduct a mass media informational campaign to that end, and one notes that the Board has in fact recently increased its public information efforts.[59] One comment urges the Board to conduct a study to ascertain current employees' level of NLRA knowledge before imposing a notice posting requirement.

In contrast, as discussed in more detail below, numerous comments from individuals, union organizers, attorneys representing unions, and worker assistance organizations agree with the Board that most employees are unfamiliar with their NLRA rights. Immigrant rights organizations state that immigrant workers largely do not know about their rights.

After careful consideration of the comments on both sides of this issue, the Board believes that many employees are unaware of their NLRA rights and that a notice posting requirement is a reasonable means of promoting greater knowledge among employees. To the extent that employees' general level of knowledge is uncertain, the Board believes that the potential benefit of a notice posting requirement outweighs the modest cost to employers. Certainly, the Board has been presented with no evidence persuasively demonstrating that knowledge of NLRA rights is widespread among employees.

The comments asserting that the right to join a union is widely known cite little, if any, support for that assertion. By contrast, many of the comments contending that employees are unfamiliar with their NLRA rights base their statements on personal experience or on extensive experience representing or otherwise assisting employees. Many individual workers, commenting on the rule, indicate their personal experiences with the lack of NLRA knowledge and concurrent strong support for the rule. For example:

—Even though most of my coworkers and supervisors were highly intelligent people, it is my experience that most workers are almost totally unaware of their rights under the NLRA.
—Knowing that there is a federal agency out there that will protect the rights of working people to organize is essential to the exercise of those rights.
—I had no idea that I had the right to join a union, and was often told by my employer that I could not do so. * * * I think employers should be required to post notices so that all employees may make an informed decision about their rights to join a union.[60]
—Workers have rights and they have the right to know them.[61]
—[T]here is a lot of ignorance among young workers and veteran workers alike with regard to knowledge of their right to

[49] Comment of the Employers Association.

[50] Comment of Malt-O-Meal Company (Malt-O-Meal).

[51] Comment of Tecton Products.

[52] Comment of Printing and Imaging Association of MidAmerica (Printing and Imaging Ass'n).

[53] *See, e.g.*, comment of the Printing and Imaging Ass'n.

[54] *See, e.g.*, comment of Coalition for a Democratic Workplace.

[55] *See, e.g.*, comments of Printing Industries of America and the Portland Cement Association.

[56] *See, e.g.*, comments of Cass County Electric Cooperative and Pilchak Cohen & Tice, P.C.

[57] As one person states, "The internet has long ago replaced lunch room bulletin board postings as the means by which employees learn of and exercise their rights."

[58] Such comments appear to misunderstand that by this rule, the Board is indeed seeking to inform employees of the provisions of the NLRA, using the most accessible venues to reach them, their workplaces.

Other comments question why this rule does not mandate notice posting by governmental employers. The NLRA does not cover such employers. *See* Section 2(2), 29 U.S.C. 152(2).

[59] Comment of Fisher & Phillips, LLP.

[60] Comment of Member, Local 150, Operating Engineers.

[61] Comment of Organizer, IBEW.

organize. This is not a cure for employer intimidation, * * * but it is a step in the right direction.

—As an employee at will, I was not aware of my rights to form a union or any rights that I may have had under the NLRA.[62]

—I worked in the construction materials testing industry for about eight years. During that time I had no idea I had the right to join a union.[63]

—As a working class citizen, I am well aware of just how rare it is for my fellow workers to know their rights. For that reason, this is a rule that is extremely overdue. * * *.

A sampling of comments from labor attorneys, workers' organizations, and labor organizations is consistent with these employees' comments:

—It is my experience that upwards of 95% of employees have no idea what their rights are with respect to labor unions.[64]

—In fact, I have had many employees over the years tell me that their employers have told them that they do not allow unions at their workplace.[65]

—Workers today do not know what their rights are under the NLRA. As a Union organizer with more than 20 years of experience, without exception, every worker I encounter thinks that it is perfectly legal for their employer to fire them simply for saying the word union, or even to speak with other employees at work about general working conditions. The protections afforded workers to engage in protected concerted activity around workplace issues is unknown to the majority of workers today.[66]

—It is the experience of [Service Employees International Union (SEIU) Local 615] that many employees are woefully unaware of their rights under the NLRA and that that lack of knowledge makes employees vulnerable when they desire to address their wages and working conditions with the employers.[67]

—I have participated in hundreds of organizing campaigns involving thousands of employees. In my experience, most people had no idea what their rights were to organize or join unions.[68]

Some unions also assert that even unionized employees often do not have a clear understanding of the NLRA. One union staff representative writes that "there seems to be a disconnect, most of our membership does not know a thing about NLRA."[69] Another union steward comments similarly:

I saw how union members were often unaware of their rights unless the union specifically did outreach and member education, or unless the employee ran into a problem and came to a steward for assistance. * * *

Notice to employees, however, could provide a starting point for those employees to try to assert rights that they currently have on paper but often do not have in practice.

Several immigrant workers' organizations comment on the difficulty that this population has in understanding their rights and accessing the proper help when needed.[70] These organizations note that laws in the immigrants' home countries may be quite different from those of the United States, and the high barrier that lack of fluency in English creates in making these persons aware of their rights under the NLRA.[71] These organizations also contend that because guestworkers in particular can work only for the employer that requested their visa, they are extremely vulnerable to labor violations, and that these employers routinely misrepresent the existence of NLRA rights.[72] The National Day Laborers Organizing Network claims that "most workers are not aware of their right to organize."

One immigrant construction worker, commenting favorably on the proposed rule, explains that she learned English after coming to the United States from Poland: "While working as a testing technician, I had no idea I had the right to join a union." She writes:

I think a government written notice posted in the workplace would be a critical source of information for employees who want to join a union. Especially in this industry where many people like myself are foreign born, there is a language barrier that adds to the difficulty in understanding our legal rights. I take government posted notices seriously and believe other people do as well.[73]

Significantly, the Board received numerous comments opposing the rule precisely because the commenters believe that the notice will increase the level of knowledge about the NLRA on the part of employees. Specifically, they predict that the rule will lead to increased unionization and create alleged adverse effects on employers and the economy generally. For example, Baker and Daniels LLP comments that as more employees become aware of their NLRA rights, they will file more unfair labor practice charges and elect unions to serve as their collective-bargaining representatives. But fear that employees may exercise their statutory rights is not a valid reason for not informing them of their rights.

Moreover, the NLRA protects the right to join a union and to refrain from doing so and the notice so states. In addition, the NLRA confers and protects other rights besides the right to join or refrain from joining unions. Section 7 provides that employees have the right "to engage in other concerted activities for the purpose of collective bargaining or other mutual aid or protection[.]" Such protected concerted activities include concertedly complaining or petitioning to management concerning their terms and conditions of employment;[74] concertedly petitioning government concerning matters of mutual interest in the workplace;[75] and concertedly refusing to work under poor working conditions.[76] Few if any of the comments contending that employees know about their NLRA rights assert that employees are aware of the right to engage in such protected concerted activities in the nonunion setting. By contrast, as shown above, many comments favoring the rule report that nonunion employees are especially unlikely to be aware of their NLRA rights.

Although some comments contend that the articles cited by the Board in support of its belief that employees are largely unaware of the NLRA rights are old and inadequately supported,[77] they cite no more recent or better supported studies to the contrary. In addition, the percentage of the private sector workforce represented by unions has declined from about 12 percent in 1989, about the time the articles cited in the NPRM were published, to 8 percent presently;[78] thus, to the extent that lack of contact with unions contributed to lack of knowledge of NLRA rights 20 years ago, it probably is even more of a factor today.[79]

[62] Comment of International Staff Representative, Steelworkers.

[63] Comment of Member, Local 150, Operating Engineers.

[64] Comment of Organizer, Local 150, Operating Engineers.

[65] Comment of Strokoff and Cowden.

[66] Comment of Organizer, Teamsters, Local 117.

[67] Comment of SEIU Local 615.

[68] Comment of Financial Secretary, Local 150, Operating Engineers.

[69] Comment of Staff Representative, Steelworkers.

[70] *See e.g.*, comments of National Immigration Law Center and Latino Justice.

[71] *See, e.g.*, comment of Friends of Farmworkers, Inc.

[72] Comment of Alliance of Guestworkers for Dignity.

[73] Comment of Instructor, Apprenticeship and Skill Improvement Program, Local 150, Operating Engineers.

[74] *North Carolina License Plate Agency #18*, 346 NLRB 293 (2006), enf'd. 243 F. Appx. 771 (4th Cir. 2007) (unpublished).

[75] *Eastex, Inc.* v. *NLRB*, above, 437 U.S. at 565–567.

[76] *NLRB* v. *Washington Aluminum Co.*, 370 U.S. 9, 14 (1962).

[77] *See* comment of Cass County Electric Cooperative. For example, Professor Morris, author of two of the articles cited by the Board (as "see also") listed no authority to support his assertion that employees lack knowledge about the NLRA. *See* Charles J. Morris, "*Renaissance at the NLRB*," above at fn. 3; Morris, "*NLRB Protection in the Nonunion Workplace*," above at fn. 3.

[78] See DeChiara, "The Right to Know," above at fn. 1; 75 FR 80411 fn. 4.

[79] The Printing and Imaging Association discussed these declining rates of unionization, and

In support of their contention that NLRA rights are widely known among employees, several comments observe that the Board's processes for holding representation elections and investigating and remedying unfair labor practices are invoked tens of thousands of time a year.[80] That is true. However, the civilian work force includes some 108 million workers potentially subject to the NLRA.[81] Thus, the number of employees who invoke the Board's processes make up only a small percentage of the covered workforce. Accordingly, the Board does not consider the number of times the Board's processes are invoked to be persuasive evidence that workers generally are aware of their NLRA rights.

Finally, remarks in multiple opposing comments strongly suggest that the commenters themselves do not understand the basic provisions of the NLRA:

—If my employees want to join a union they need to look for a job in a union company.[82]

—[a]nytime one of our independent tradesmen would like to join the union they are free to apply and be hired by a union contractor.

—If a person so desires to be employed by a union company, they should take their ass to a union company and apply for a union job.

—Belonging to a union is a privilege and a preference—not a right.[83]

—If they don't like the way I treat them, then go get another job. That is what capitalism is about.[84]

—We are not anti-union; but feel as Americans, we must protect our right not to be signatory to a third party in our business.[85]

—If one desires to be a part of a union, he or she is free to apply to those companies that operate with that form of relationship.[86]

—I also believe employees already have such notice by understanding they retain the right to change employers whenever they so choose.[87]

These comments reinforce the Board's belief that, in addition to informing employees of their NLRA rights so that they may better exercise those rights, posting the notice may have the beneficial side effect of informing employers concerning the NLRA's requirements.[88]

As to the contention that information concerning unions is widely available on the internet, including on the Board's Web site, the Board responds that not all employees have ready access to the internet. Moreover, it is reasonable to assume that an employee who has no idea that he or she has a right to join a union, attempt to organize his employer's workforce, or engage in other protected concerted activities, would be less likely to seek such information than one who is aware of such rights and wants to learn more about them.[89] The Board is pleased that it has received a large number of inquiries at its Web site seeking information concerning NLRA rights, but it is under no illusion that that information will reach more than a small fraction of the workforce in the foreseeable future.

Several comments assert that, in any event, requiring the posting of notices will not be effective in informing employees of their rights, because employees will simply ignore the notices, as the comments contend they ignore other workplace postings. "Posters are an ineffective means of educating workers and are rarely read by employees."[90] Other comments argue that adding one more notice to the many that are already mandated under other statutes will simply create more "visual clutter" that contributes to employees' disinclination to pay attention to posted notices. As one employer stated, "My bulletin boards are filled with required notifications that nobody reads. In the past 15 years, not one of our 200 employees has ever asked about any of these required postings. I have never seen anyone ever read one of them."[91] Another wrote, "Employers are already required to post so many notices that these notices have lost any semblance of effectiveness as a governmental communication channel."

To these comments, the Board responds that the experiences of the commenters is apparently not universal; other comments cited above contend that employees are more knowledgeable about their rights under statutes requiring the posting of notices summarizing those rights than about their NLRA rights. Moreover, not every employee has to read workplace notices for those notices to be effective. If only one employee of a particular employer reads the Board's notice and conveys what he or she has read to the other employees, that may be enough to pique their interest in learning more about their NLRA rights. In addition, the Board is mandating electronic notice to employees on an internet or intranet site, when the employer customarily communicates with its employees about personnel rules or policies in that way, in order to reach those who read paper notices and those who read electronic postings. As for the comment that argues that the Board can use public service announcements or advertising to reach employees, the Board believes that it makes much more sense to seek to reach directly the persons to whom the Act applies, in the location where they are most likely to hear about their other employment rights, the workplace.[92]

cited Professor Kate Bronfenbrenner's doctoral dissertation, "Seeds of Resurgence: Successful Union Strategies for Winning Certification Elections and First Contracts in the 1980s and Beyond," (available at *http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1002&context=reports&sei-redir=1#search="Kate+Bronfenbrenner,+Uneasy+terrain:+The+impact+of+capital+mobility+on+workers,+wages,+and+union"*) to argue that the higher win rates for unions in elections involving both immigrant and older workers argued against the need for the proposed rule.

The Board is not addressing the many debated causes of the declining rates of private sector unionization in the United States. This rule simply accepts those rates as given, and seeks to increase the knowledge of NLRA provisions among those without readily available sources of reliable information on these provisions.

[80] *See, e.g.*, comment of Desert Terrace Healthcare Center.

[81] *See* Bureau of Labor Statistics, Economic News Release, Table B–1, "Employees on nonfarm payrolls by industry sector and selected industry detail," May 3, 2011 (seasonally adjusted data for March 2011) *http://data.bls.gov/timeseries LNS11300000?years_option=specific_years &include_graphs=true&to_year=2010 &from_year=1948* (last visited June 6, 2011).

[82] Comment of P & L Fire Protection, Inc.

[83] Comment of OKC Tea Party.

[84] Comment of Montana Records Management, LLP.

[85] Comment of Humphrey & Associates, Inc.

[86] Comment of Medina Excavating, Inc.

[87] Comment of Olsen Tool & Plastics, Co.

[88] And as one union official writes:

Having been active in labor relations for 30 years I can assure you that both employees and employers are confused about their respective rights under the NLRA. Even union officers often do not understand their rights. Members and non-members rarely understand their rights. Often labor management disputes arise because one or both sides are mis-informed about their rights. Often the employer takes an action it truly believes is within its rights when it is not.

Comment of Civil Service Employees Association.

[89] Thus, the many comments that assert that employees can just use Internet search engines to find out about unions (see, *e.g.*, comments of Winseda Corp. Homestead Village, Inc.), misapprehend the breadth of the rights of which the Board seeks to apprise all employees. As stated above, Section 7 is not merely about the right to join or refrain from joining a labor organization, but more broadly protects the right of employees to engage in "concerted activities" for the purpose of "mutual aid or protection." It is this right that is the most misunderstood and simply not subject to an easy Internet search by employees who may have no idea of what terms to use, or even that such a right might be protected at all.

[90] Comment of Riverbend Community Mental Health.

[91] Comment of Farmers Cooperative Compress.

[92] Printing Industries of America uses election data to argue that the Labor Department's notice posting rule for Federal contractors has not been effective because the rate of elections has not increased. It is unclear whether any meaningful conclusion can be drawn from election data for only

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Some comments argue that the Board's notice posting rule does not go far enough to effectuate the NLRA. One labor attorney argues that the Board should require annual trainings for supervisors and captive audience meetings where employees are read their rights by supervisors and Board agents and the employees would have to acknowledge receiving those notices.[93] The same comment suggests banning captive audience meetings by employers. The comment concludes that the NPRM "doesn't go anywhere near far enough. It is, however, an important and worthwhile advancement." [94] Another comment also suggests that annual, mandatory training classes for employees would be desirable.[95] The Board believes that this Rule strikes the proper balance in communicating necessary information about the NLRA to employees.

For all the foregoing reasons, the Board is persuaded that many private sector employees are unaware of their NLRA rights.[96]

III. Summary of Final Rule and Discussion of Related Comments

The Board's rule, which requires employers subject to the NLRA to post notices of employee rights under the NLRA, will be set forth in Chapter 1, Part 104 of Volume 29 of the Code of Federal Regulations (CFR). Subpart A of the rule sets out definitions; prescribes the size, form, and content of the employee notice; and lists the categories of employers that are not covered by the rule. Subpart B sets out standards and procedures related to allegations of noncompliance and enforcement of the rule. The discussion below is organized in the same manner and explains the Board's reasoning in adopting the standards and procedures contained in the regulatory text, including the Board's responses to the comments received.

Subpart A—Definitions, Requirements for Employee Notice, and Exceptions From Coverage Definitions

A. The Definitions

For the most part, the definitions proposed in the rule are taken from those appearing in Section 2 of the NLRA, 29 U.S.C. 152. No comments were received concerning those definitions, and they are unchanged in the final rule. A number of comments were received concerning the definition of other terms appearing in the rule. Those comments are addressed below.

B. Requirements for Employee Notice

1. Content Requirements

The notice contains a summary of employee rights established under the NLRA. As explained above, the Board believes that requiring notice of employee rights is necessary to carry out the provisions of the NLRA. Accordingly, § 104.202 of the proposed rule requires employers subject to the NLRA to post and maintain the notice in conspicuous places, including all places where notices to employees are customarily posted, and to take reasonable steps to ensure that the notices are not altered, defaced, or covered by any other material, or otherwise rendered unreadable.

As stated in the NPRM, the Board considered the substantive content and level of detail the notice should contain regarding NLRA rights. In arriving at the content of the notice of employee rights, the Board proposed to adopt the language of the Department of Labor's final rule requiring Federal contractors to post notices of employees' NLRA rights. 29 CFR part 471. In the NPRM, the Board explained that it tentatively agreed with the Department of Labor that neither quoting the statement of employee rights contained in Section 7 of the NLRA nor briefly summarizing those rights in the notice would be likely to effectively inform employees of their rights. Rather, the language of the notice should include a more detailed description of employee rights derived from Board and court decisions implementing those rights. The Board also stated that it saw merit in the Department of Labor's judgment that including in the notice examples, again derived from Board and court decisions, of conduct that violates the NLRA will assist employees in understanding their rights. 75 FR 80412.

Prior to issuing the NPRM, the Board carefully reviewed the content of the notice required under the Department of Labor's final rule, which was modified in response to comments from numerous sources, and tentatively concluded that that notice explains employee rights accurately and effectively without going into excessive or confusing detail. The Board therefore found it unnecessary, for purposes of the proposed rulemaking, to modify the language of the notice in the Department of Labor's final rule. Moreover, the Board reasoned that because the notice of employee rights would be the same under the Board's proposed rule as under the Department of Labor's rule, Federal contractors that have posted the Department of Labor's required notice would have complied with the Board's rule and, so long as that notice is posted, would not have to post a second notice. *Id.*

The proposed notice contained examples of general circumstances that constitute violations of employee rights under the NLRA. Thus, the Board proposed a notice that provided employees with more than a rudimentary overview of their rights under the NLRA, in a user-friendly format, while simultaneously not overwhelming employees with information that is unnecessary and distracting in the limited format of a notice. As explained below, the Board also tentatively agreed with the Department of Labor that it is unnecessary for the notice to include specifically the right of employees who are not union members and who are covered by a contractual union-security clause to refuse to pay union dues and fees for any purpose other than collective bargaining, contract administration, or grievance adjustment. See *Communications Workers* v. *Beck*, 487 U.S. 735 (1988). *Id.* at 80412–80413.

The Board specifically invited comment on the statement of employee rights proposed for inclusion in the required notice to employees. In particular, the Board requested comment on whether the notice contains sufficient information of employee rights under the NLRA; whether it effectively conveys that information to employees; and whether it achieves the desired balance between providing an overview of employee rights under the Act and limiting unnecessary and distracting information. *Id.* at 80413.

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a few months, especially since the number of contractors covered by the Labor Department's rule is only a small fraction of the number of employers subject to the NLRA. In any event, the Board does not believe that that is the proper criterion by which to measure the rule's effectiveness. The purpose of requiring the posting of such notices is to inform employees of their rights so that they may exercise them more effectively, not to obtain any particular result such as the filing of more election petitions.

The same comment also cites a couple of textbooks which it asserts are popularly used in high schools today to argue that labor history is being taught to today's students. The Board is unable to assess the truth of that assertion, but regardless, it is unclear whether students necessarily connect this history to their future rights as employees.

[93] Comment of Weinberg, Roger & Rosenfeld.

[94] *Id.*

[95] Comment of Staff Representative, Steelworkers.

[96] Accordingly, the Board finds it unnecessary to conduct a study to determine the extent of employees' knowledge of NLRA rights. The Board further observes that even if only 10 percent of workers were unaware of those rights, that would still mean that more than 10 million workers lacked knowledge of one of their most basic workplace rights. The Board believes that there is no question that at least a similar percentage of employees are unaware of the rights explained in the notice. In the Board's view, that justifies issuing the rule.

The proposed Appendix to Subpart A included Board contact information and basic enforcement procedures to enable employees to learn more about their NLRA rights and how to enforce them. Thus, the required notice confirmed that unlawful conduct will not be permitted, provided information about the Board and about filing a charge with the Board, and stated that the Board will prosecute violators of the NLRA. The notice also indicated that there is a 6-month statute of limitations for filing charges with the Board alleging violations and provided Board contact information. The Board invited suggested additions or deletions to these provisions that would improve the content of the notice of employee rights. *Id.*

The content of the proposed notice received more comments than any other single topic in the proposed rule. But of the thousands of comments that address the content of the notice, the majority are either very general, or identical or nearly identical form letters or "postcard" comments sent in response to comment initiatives by various interest groups, including those representing employers, unions, and employee rights organizations. Many comments from both individuals and organizations offer general support for the content of the proposed notice, stating that employee awareness of basic legal rights will promote a fair and just workplace, improve employee morale, and foster workforce stability, among other benefits.[97] More specifically, one comment asserts that the proposed notice "contains an accurate, understandable and balanced presentation of rights." [98] The United Transportation Union contends that the "notice presents an understandable, concise and extremely informative recitation of workers' rights, without getting bogged down in extraneous language, incomprehensible legalese or innumerable caveats and exceptions."

Other comments were less supportive of the content of the proposed notice and the notice-posting requirement in general. A significant number of comments, including those from many individuals, employers, and employer industry and interest groups, argue that the content of the notice is not balanced, and appears to promote unionization instead of employee freedom of association. In particular, many comments state that Section 7 of the NLRA includes the right to refrain from union activity, but claim that this right is given little attention in comparison to other rights in the proposed notice. Several comments also argue that the proposed notice excludes rights associated with an anti-union position, including the right to seek decertification of a bargaining representative, the right to abstain from union membership in "right-to-work" states, and rights associated with the Supreme Court's decision in *Communications Workers* v. *Beck*.[99] Comments also suggest that the notice should include a warning to employees that unionizing will result in a loss of the right to negotiate directly with their employer.[100] Many of these comments argue that a neutral government position on unionization would be more inclusive of anti-union rights.[101]

A number of comments address the issue of complexity, and argue that the Board's attempt to summarize the law is flawed because the Board's decisional law is too complex to condense into a single workplace notice.[102] Some of the comments addressing this issue note that NLRA law has been developed over 75 years, and involves interpretations by both the NLRB and the Federal courts, sometimes with conflicting results. The Chamber of Commerce cites the "NLRB's Basic Guide to the National Labor Relations Act: General Principles of Law Under the Statute and Procedures of the National Labor Relations Board" (Basic Guide to the NLRA) (1997), available at *http://www.nlrb.gov/publications/brochures*, to make their point about legal complexity. In the Foreword to the Basic Guide to the NLRA, the Board's General Counsel states that "[a]ny effort to state basic principles of law in a simple way is a challenging and unenviable task. This is especially true about labor law, a relatively complex field of law." The thrust of these comments about legal complexity was that the NLRA is complex, dynamic, and nuanced, and any attempt to summarize it in a workplace notice will result in an oversimplification of the law and lead to confusion, misunderstanding, inconsistencies, and some say, heightened labor-management antagonism. Moreover, some comments express concern that Board member turnover could result in changes to the law, which may require frequent updates to the notice.[103]

Many comments suggest that the required notice should include only the specific rights contained in Section 7 of the NLRA or, at most, the rights and obligations stated in employee advisories on the NLRB's Web site. The comments favoring a more general notice suggest that the detailed list of rights far exceeds the "short and plain" description of rights that the Board has found sufficient to "clearly and effectively inform employees of their rights under the Act" in unfair labor practice cases.[104] *See Ishikawa Gasket America, Inc.,* 337 NLRB 175 (2001), enfd. 354 F.3d 534 (6th Cir. 2004). A comment from Fisher & Phillips LLP argues that, under the Board's current remedial practices, only an employer that egregiously violates the Act on numerous occasions is required to post such an inclusive list of rights.

Finally, a number of comments suggest that the notice should include a list of employer rights, namely the right to distribute anti-union literature and the right to discuss the company's position regarding unions.

In addition to the general comments about the proposed notice, many comments offer suggestions for specific revisions to individual provisions within the five sections of the proposed notice: the introduction, the statement of affirmative rights, the examples of unlawful conduct, the collective-bargaining provision, and the coverage information. The following discussion presents the comments related to individual provisions of the notice, followed by the Board's decisions regarding the content of the final notice made in response to those comments.

a. Comments Regarding the Introduction

The introduction to the notice of rights in the proposed rule stated:

> The National Labor Relations Act (NLRA) guarantees the right of employees to organize and bargain collectively with their employers, and to engage in other protected concerted activity. Employees covered by the NLRB are protected from certain types of employer and union misconduct. This Notice gives you general information about your rights, and about the obligations of employers under the NLRA. Contact the National Labor Relations Board (NLRB), the Federal agency that investigates and resolves complaints under the NLRA, using the contact information supplied below, if you have any questions about specific rights that may apply in your particular workplace.

[97] *See* comments of the National Immigration Law Center, Service Employees International Union, and Weinberg, Roger & Rosenfeld.

[98] Comment of David Fusco, a labor and employment attorney.

[99] *See* comments of Pilchak, Cohen & Tice, American Trucking Association, and Electrical and Mechanical Systems Inc.

[100] *See, e.g.* comment of the Heritage Foundation.

[101] *See, e.g.,* comment of the National Right to Work Committee.

[102] *See, e.g.,* comment of COLLE, Retail Industry Leaders Association.

[103] *See* comment of Capital Associated Industries, Inc. and National Association of Manufacturers.

[104] *See e.g.* comments of COLLE and Coalition for a Democratic Workplace.

75 FR 80418–80419 (footnote omitted).

The Board received a few suggestions for changes to the introduction of the notice. The first comment suggests including language stating that employees are required to contact their "executive manager" or "administrative team" before contacting the NLRB and suggests that the NLRB refuse to process employees' complaints until the employees first raise the issue with his or her "management team." The second comment, from COLLE, urges the Board to add language in the introduction alerting employees that they also have the right to refrain from engaging in union activity. The comment suggests that by not including the right to refrain from union activity in the introduction, the Board is showing a bias toward union organizing. The comment argues that a more neutral notice would include both the right to engage and not engage in union activity at the beginning of the document, rather than wait to first mention the right to refrain in the affirmative rights section.

The Board does not agree with the proposal that employees be required to contact management officials as a prerequisite to contacting the Board. Such a procedural requirement is not contemplated in the NLRA and could discourage employees from exercising or vindicating their rights.

The Board agrees, however, that the introduction should include both the rights to engage in union and other concerted activity and the right to refrain from doing so. The Board believes that adding the right to refrain to the introduction will aid in the Board's approach to present a balanced and neutral statement of rights. Accordingly, the first sentence in the introduction to the notice in the final rule will state:

> The National Labor Relations Act (NLRA) guarantees the right of employees to organize and bargain collectively with their employers, and to engage in other protected concerted activity or to refrain from engaging in any of the above activity.

b. Comments Regarding Affirmative Statement of Rights

The proposed notice contains the following statement of affirmative rights: Under the NLRA, you have the right to:

> Organize a union to negotiate with your employer concerning your wages, hours, and other terms and conditions of employment.
>
> Form, join or assist a union.
>
> Bargain collectively through representatives of employees' own choosing for a contract with your employer setting your wages, benefits, hours, and other working conditions.
>
> Discuss your terms and conditions of employment or union organizing with your co-workers or a union.
>
> Take action with one or more co-workers to improve your working conditions by, among other means, raising work-related complaints directly with your employer or with a government agency, and seeking help from a union.
>
> Strike and picket, depending on the purpose or means of the strike or the picketing.
>
> Choose not to do any of these activities, including joining or remaining a member of a union.

75 FR 80419.

The majority of comments addressing the affirmative rights section were general and did not specifically address the language of the individual provisions. Generally, labor organizations and employee advocate groups favor the Board's language. A comment from the United Food and Commercial Workers International Union asserts that the approach "achieves an appropriate balance between providing sufficiently clear information about employee's basic statutory rights and limiting unnecessary and confusing information about peripheral rights." On the other hand, comments from employer groups do not favor the Board's language. More specifically, employer groups argue that the notice is biased toward union organizing. Generally, the comments argue that the right to refrain from engaging in union activity should have a more prominent place on the notice, rather than being the last of the rights listed on the poster. Many of these comments contend that the notice should include the right not to engage in specific union-related activities.

Other comments about the notice's statement of affirmative rights are directed at individual provisions of the notice. A discussion of those comments is set out in more detail below.

i. The Right To Organize and the Right To Form, Join and Assist a Union

A few comments generally state that the notice should include the consequences of exercising the right to organize, join or form a union.[105] For example, several comments argue that employees should be informed that if they join a union they give up the right to deal directly with their employers. Another comment argues that employees should be informed of the cost of organizing a union, including the cost of dues and the potential for the company to shut down because of increased labor costs associated with a unionized workforce. Other comments suggest including language informing employees that they can be fired for not paying their union dues.

The Board rejects those suggestions. The notice is intended to inform employees of the rights that they have under the NLRA and does not include the benefits or consequences of exercising any of the enumerated rights. Adding the consequences of one right would require revising the entire notice to include potential consequences—both positive and negative—of all the protected rights. For example, the notice would need to include the consequences of refraining from joining a union, such as not being permitted to vote on contract ratifications or attend union membership meetings. The necessary additions to the notice would create a notice that is not a concise list of rights, but more likely a pamphlet-sized list of rights and explanations. In addition, the consequences of unionization are unique to each unionized workplace, so it would be impossible to include a list of general consequences that could apply uniformly to all unionized workplaces. If employees have questions about the implications of any of their rights, they can contact an NLRB regional office.

Assisted Living Federation of America (ALFA) suggests that the affirmative rights section should be revised to reflect the anti-union position. For example, rather than the current provision that states that employees have a right to "[o]rganize a union to negotiate with your employer concerning your wages, hours, and other terms and conditions of employment," the comment suggests the following provision: "you have the right to organize with other employees in opposition to a particular union or unions." And "you have the right to: refuse to form, join, or assist a union, including the right to refuse to sign a union card, attend a union meeting or supply a union with information concerning you, your co-worker or your job," rather than "[you have the right to] [f]orm, join or assist a union." The Board disagrees. The Board's proposed notice language reflects the language of the NLRA itself, which specifically grants affirmative rights, including nearly all of those listed in the notice. Also, the notice, like the NLRA, states that employees have the right to refrain from engaging in all of the listed activities. The Board therefore sees no need to recast the notice to further emphasize the right to oppose unions.

ii. The Right To Bargain Collectively

Two comments suggest that the collective-bargaining provision is

[105] *See, e.g.*, comment of Pilchak Cohen & Tice.

misleading and vague. The first comment, from COLLE, argues that the provision is misleading because it fails to acknowledge that an employer does not have an obligation under the NLRA to consent to the establishment of a collective-bargaining agreement, but instead only has the statutory duty to "meet at reasonable times and confer in good faith with respect to wages, hours, and other terms and conditions of employment." 29 U.S.C. 158(d). The comment also argues that the failure to reach an agreement is not per se unlawful, and the finding of an unfair labor practice depends on whether the parties engaged in good-faith bargaining. This comment suggests that the notice should instead note that the NLRA requires parties to bargain in good faith but does not compel agreement or the making of concessions, and that, in some instances, a bargaining impasse will result, permitting the parties to exercise their economic weapons, such as strikes or lockouts. The second comment, made generally by more than a few organizations and individuals, suggests that the notice add a statement indicating that employers and unions have an obligation to bargain in good faith.

The Board finds it unnecessary to add the suggested amplifications. For one thing, the notice does state that employers and unions have a duty to bargain in good faith, "in a genuine effort to reach a written, binding agreement setting your terms and conditions of employment." In the Board's view, the statement that the parties must make a "genuine effort" to reach agreement necessarily implies that they are not, in the end, required to reach one. The Board deems the notice language to be adequate on this point. Finally, for the reasons already discussed, the Board rejects the contention that the notice should discuss the implications or consequences of unsuccessful bargaining.

iii. The Right To Discuss With Co-Workers or Union

A comment from the National Immigration Law Center suggests that the use of the phrase "terms and conditions of employment" is unclear especially to employees who are unaware of their rights under the NLRA. The comment recommends that, in order to clarify, the Board add the phrase "including wages and benefits." The suggested language would read, "you have the right to: discuss your terms and conditions of employment, including wages and benefits, or union organizing with your co-workers or a union."

The Board agrees that adding the suggested language would clarify the provision. The list of affirmative rights uses the terms "wages, hours, and other terms and conditions of employment" to describe what unions may negotiate. The notice then uses the terms "wages, benefits, hours, and other working conditions" to describe the right to bargain collectively for a contract. Those statements make it clear that "terms and conditions of employment" includes wages and benefits. But then immediately following those two statements, the notice states that employees may discuss "terms and conditions of employment," but does not include any clarifying language. In order, to create a more uniform notice and clarify the extent to which employees may discuss their terms and conditions of employment the final notice will read, "Under the NLRA, you have a right to: Discuss your wages and benefits and other terms and conditions of employment or union organizing with your co-workers or a union."

iv. The Right To Strike and Picket

The notice's reference to the right to strike and picket received a few comments from law firms and other organizations representing employers' interests. The comments suggest that the provision is flawed because of the absence of further limitations, exceptions, and distinctions.[106] Generally, the comments argue that not all strikes and pickets are protected. COLLE argues that the notice should inform employees of the limitations of strikes encompassed by "depending on the purpose or means of the strike or pickets"—for example, whether the strike is for recognition or bargaining, whether the strike has a secondary purpose, whether picketing involves a reserved gate, whether the strike is a sit-down or minority strike, whether the conduct is a slowdown and not a full withholding of work, whether the strike is partial or intermittent, whether the strike involves violence, and whether the strike is an unfair labor practice strike or an economic strike. ALFA argues that employees should be informed that if the employer is a healthcare institution, "employees do not have the right to participate in a union-initiated strike or picket unless the union has provided the employer and federal and state mediation agencies with the required 10 days notice."

[106] *See* comments of ALFA, Carrollton Health and Rehabilitation Center, and COLLE.

The Board disagrees. By necessity, an 11x17-inch notice cannot contain an exhaustive list of limitations on and exceptions to the rights to strike and picket, as suggested by employers. However, because exercising the right to strike can significantly affect the livelihood of employees, the Board considers it important to alert employees that there are some limitations to exercising this right. The Board is satisfied that the general caveat, "depending on the purpose or means of the strike or the picketing," together with the instruction to contact the NLRB with specific questions about the application of rights in certain situations, provides sufficient guidance to employees about the exercise of their rights while still staying within the constraints set by a necessarily brief employee notice.

v. The Right To Refrain From Union or Other Protected Concerted Activity

All the comments that discuss the right to refrain from engaging in union activity criticize what they contend to be its lack of prominence. ALFA accuses the Board of "burying" the provision by placing it last, below the other rights to engage in union and other concerted activity. The U.S. Chamber of Commerce suggests that the notice include "or not" after each of the enumerated rights. For example, "you have the right to: form join or assist a union, or not." (Emphasis added.) Other suggested revisions to amplify the prominence of the provision include stating that employees have the right to refrain from protected, concerted activities and/or union activities; stating that employees' right to refrain includes the right to actively oppose unionization, to not sign union authorization cards, to request a secret ballot election, to not be a member of a union or pay dues or fees (addressed further below), or to decertify a union (also addressed below); and stating that employees have the right to be fairly represented even if not a member of the union. One employer suggests that if the notice retains its current emphasis favoring union activity and disfavoring the freedom to refrain from such activity, employers will need to post their own notices that emphasize and elaborate on the right to refrain.

The Board received at least four comments that argue that the notice, as written, may make employees believe that the employer is encouraging unionization. Two of those comments suggest that an employer is protected from compelled speech by Section 8(c) of the NLRA. (The Board has already rejected the latter argument; *see* section

II, subsection B, "Statutory Authority," above.)

The contention that the right to refrain from engaging in union activity is "buried" in the list of other affirmative rights or that the Board is biased in favor of unionization because of the choice of placement is without merit. The list of rights in the proposed notice is patterned after the list of rights in Section 7 of the NLRA, 29 U.S.C. 157. Section 7 lists the right to refrain last, after stating several other affirmative rights before it. In addition, the Board's remedial notices list the right to refrain last. *See Ishikawa Gasket America, Inc.,* above. So does the Board's Notice of Election. In addition, the notice required by this rule states that it is illegal for an employer to take adverse action against an employee "because [the employee] choose[s] not to engage in any such [union-related] activity." The Board has revised the introduction of the notice to include the right to refrain—this addition further highlights an employee's right to refrain from union activity. Finally, the Board believes that people understand a right as different from an obligation and thus will, for example, understand that the right to organize a union includes the right not to do so. Accordingly, the Board concludes that the notice sufficiently addresses the right to refrain among the list of statutory rights. In addressing the numerous comments questioning the Board's neutrality, the Board points out that in Section 1 of the NLRA, Congress declared that it is the policy of the United States to mitigate or eliminate obstructions to the free flow of commerce "by encouraging the practice and procedure of collective bargaining and by protecting the exercise by workers of full freedom of association, self-organization, and designation of representatives of their own choosing, for the purpose of negotiating the terms and conditions of their employment or other mutual aid or protection." 29 U.S.C. 151. Thus, by its own terms, the NLRA encourages collective bargaining and the exercise of the other affirmative rights guaranteed by the statute. In doing so, however, the NLRA seeks to ensure employee choice both to participate in union or other protected concerted activity and to refrain from doing so.

Turning to the issues of whether the notice creates the impression that the employer is encouraging unionization and whether an employer can be compelled to post the notice which contains information the employer would otherwise not share with employees, the Board disagrees with both arguments. First, the notice clearly states that it is from the government. Second, in light of the other workplace notice employees are accustomed to seeing, employees will understand that the notice is a communication to workers from the government, not from the employer. Finally, as discussed above, NLRA Section 8(c) protects employers' right to express any "views, argument, or opinion" "if such expression contains no threat of reprisal or force or promise of benefit." The rule does not affect this right. Therefore, if an employer is concerned that employees will get the wrong impression, it may legally express its opinion regarding unionization as long as it does so in a noncoercive manner.

Critics of the notice contend that the notice should contain a number of additional rights and also explanations of when and how an employee may opt out of paying union dues. Thus, most employer groups argue that the notice should contain a statement regarding the right to decertify a union. A number of those comments state that the notice should provide detailed guidance on the process for decertifying a union. Others suggest that the notice should contain instructions for deauthorizing a union security clause. A majority of employers and individuals who filed comments on the content of the notice urge the Board to include a notice of employee rights under *Communications Workers* v. *Beck.* Baker & McKenzie suggests adding a provision informing employees that for religious purposes an employee may opt out of paying dues to a union.[107] A few comments also suggest that the notice add any rights that employees may have in "right-to-work" states. As indicated previously, numerous comments suggest the inclusion of other rights of employees who do not desire union representation. Baker & McKenzie suggests a list of 26 additional affirmative rights, most of which only affect employees in a unionized setting and are derived from the Labor-Management Reporting and Disclosure Act, the Labor-Management Relations Act, or other Federal labor statutes enforced by the Department of Labor. The proposed list also includes some rights covered by the NLRA such as "the right to sign or refuse to sign an authorization card," "the right to discuss the advantages and disadvantages of union representation or membership with the employer," and "the right to receive information from the employer regarding the advantages and disadvantages of union representation."

The Board has determined that the inclusion of these additional items is unnecessary. As discussed above, the NLRA itself contains only a general statement that employees have the right not to participate in union and/or other protected concerted activities. Section 19 does specifically set forth the right of certain religious objectors to pay the equivalent of union dues to a tax-exempt charity; however, this right is implicated only when an employer and union have entered into a union-security arrangement. Because the notice does not mention or explain such arrangements, the Board finds no reason to list this narrow exception to union-security requirements. In sum, the Board is not persuaded that the notice needs to expand further on the right to refrain by including a list of specific ways in which employees can elect not to participate or opt out of paying union dues. Employees who desire more information regarding the right not to participate can contact the Board.

The Board does not believe that further explication of this point is necessary. However, because so many comments argue that the notice should include the right to decertify a union and rights under *Communication Workers* v. *Beck,* the Board has decided to explain specifically why it disagrees with each contention.

Concerning the right to decertify, the notice states that employees have the right not to engage in union activity, "including joining or remaining a member of a union." Moreover, the notice does not mention the right to seek Board certification of a union. Indeed, contrary to the numerous comments suggesting that the proposed notice is a "roadmap" for union organizing, the notice does not even mention the right to petition for a union representation election, possibly leading to union certification; rather, it merely states that employees have the right to "organize a union" and "form, join or assist a union." The notice does not give any further instructions on how an employee can exercise those rights. Similarly, the notice states that employees may choose not to remain a member of a union without further instructions on how to exercise that right. To include instructions for

[107] NLRA Section 19 provides that "Any employee who is a member of and adheres to established and traditional tenets or teachings of a bona fide religion, body, or sect which has historically held conscientious objections to joining or financially supporting labor organizations shall not be required to join or financially support any labor organization as a condition of employment; except that such employee may be required in a contract between such employee's employer and a labor organization in lieu of periodic dues and initiation fees, to pay sums equal to such dues and initiation fees to a nonreligious, nonlabor organization charitable fund exempt from taxation[.]" 29 U.S.C. 169.

exercising one right and not the other would upset the balanced recitation of rights. If employees have questions concerning how they can exercise their rights, the notice encourages them to contact the Board.

The Board has also determined that the addition of *Beck* rights in the final notice is unnecessary. Those rights apply only to employees who are represented by unions under collective-bargaining agreements containing union-security provisions. As stated in the NPRM, unions that seek to obligate employees to pay dues and fees under those provisions are required to inform those employees of their *Beck* rights. See *California Saw & Knife Works,* above, 320 NLRB at 233. See 75 FR at 80412–80413. The Board was presented with no evidence during this rulemaking that suggests that unions are not generally complying with their notice obligations. In addition, the Notice of Election, which is posted days before employees vote on whether to be represented by a union, contains an explanation of *Beck* rights. Moreover, as the Board stated in the NPRM, only about 8 percent of all private sector employees are represented by unions, and by no means are all of them subject to union-security clauses. Accordingly, the number of employees to whom *Beck* applies is significantly smaller than the number of employees in the private sector covered by the NLRA. *Id.* at 80413. Indeed, in the ''right-to-work'' states, where union-security clauses are prohibited, no employees are covered by union security clauses, with the possible exception of employees who work in a Federal enclave where state laws do not apply. Accordingly, because *Beck* does not apply to the overwhelming majority of employees in today's private sector workplace, and because unions already are obliged to inform the employees to whom it does apply of their *Beck* rights, the Board is not including *Beck* notification in the final notice.

The Board also disagrees with the comment from Baker & McKenzie contending that an exhaustive list of additional rights should be included in the notice. In addition to the reasons discussed above, the Board finds that it would not be appropriate to include those rights, most of which are rights of union members vis-à-vis their unions. For example, the comment suggests including the ''right for each union member to insist that his/her dues and initiation fees not be increased * * * except by a majority vote by secret ballot * * *,'' the ''right of each employee in a bargaining unit to receive a copy of the collective bargaining agreement,'' and the ''right to nominate candidates, to vote in elections of the labor organization, to attend membership meetings, and to participate in the deliberations and voting upon business properly before the meeting.'' Those rights are not found in the NLRA, but instead arise from other Federal labor laws not administered by the NLRB. See Labor-Management Reporting and Disclosure Act of 1959, 29 U.S.C. 401 et seq (LMRDA). The Board finds that it would be inappropriate to include those additional rights in a notice informing employees of their rights under the NLRA.

vi. Other Comments

The Board has also considered, but rejected, the contention that the notice contain simply a ''short and plain'' description of rights such as that used in remedial notices. See *Ishikawa Gasket America, Inc.,* above. The two notices have different purposes: one looks back; the other, forward. As explained in the NPRM, the principal purpose of a remedial notice is to inform employees of unlawful conduct that has taken place and what is being done to remedy that conduct. Accordingly, although a remedial notice contains only a brief summary of NLRA rights, it also contains examples of unlawful actions that have been committed. To the extent that such a notice generally increases employees' awareness of their rights, the unlawful conduct detailed adds to that awareness. The proposed notice, by contrast, is a notice intended to make employees aware of their NLRA rights generally. It normally will not be posted against a background of already-committed unfair labor practices; it therefore needs to contain a summary both of NLRA rights and examples of unlawful conduct in order to inform employees effectively of the extent of their NLRA rights and of the availability of remedies for violations of those rights. Moreover, as the Board explained in the NPRM, the general notice of rights posted in the pre-election notice is sufficient because at least one union along with the employer is on the scene to enlighten employees of their rights under the NLRA. 75 FR 80412 fn.19.

The fundamental rights described in the notice are well established and have been unchanged for much of the Board's history. Accordingly, the Board does not share the concern expressed in some comments that a new notice will have to be posted each time the composition of the Board changes.

Finally, the Board rejects the contention that the notice should address certain rights of employers. The notice is intended to inform employees of their rights, not those of their employers.

For all the foregoing reasons, the Board finds it unnecessary to modify the section of the notice summarizing employees' NLRA rights.

c. The Examples of Unlawful Employer Conduct in the Notice

The proposed notice contained the following examples of unlawful conduct:

Under the NLRA, it is illegal for your employer to:

Prohibit you from soliciting for a union during non-work time, such as before or after work or during break times; or from distributing union literature during non-work time, in non-work areas, such as parking lots or break rooms.

Question you about your union support or activities in a manner that discourages you from engaging in that activity.

Fire, demote, or transfer you, or reduce your hours or change your shift, or otherwise take adverse action against you, or threaten to take any of these actions, because you join or support a union, or because you engage in concerted activity for mutual aid and protection, or because you choose not to engage in any such activity.

Threaten to close your workplace if workers choose a union to represent them.

Promise or grant promotions, pay raises, or other benefits to discourage or encourage union support.

Prohibit you from wearing union hats, buttons, t-shirts, and pins in the workplace except under special circumstances.

Spy on or videotape peaceful union activities and gatherings or pretend to do so. 75 FR 80419.

The Board received limited comments on six of the seven examples of unlawful employer conduct. As a general matter, some comments contend that the number of examples of employer misconduct is disproportionate compared to the examples of union misconduct.[108] Most of the comments refer to the number of paragraphs devoted to illegal employer conduct (7) and the number of paragraphs devoted to illegal union conduct (5). Several comments indicate that when one compares the employer misconduct listed in Section 8(a) of the NLRA with union misconduct listed in Section 8(b), no such imbalance appears in the text of the statute. Several comments provide additional examples of union misconduct that they say should be included.

As with the notice's statement of affirmative rights, some of the

[108] *See, e.g.,* comments of COLLE, Baker & McKenzie, National Association of Manufacturers, and American Trucking Association.

individual provisions in this section of the notice received numerous comments and suggestions for improvement. The vast majority of the comments about the specific provisions are from representatives of employers. Those comments generally contend that the provisions are overgeneralizations and do not articulate the legal standard for evaluating allegations of unlawful conduct or indicate factual scenarios in which certain employer conduct may be lawful.

After reviewing all of the comments, the Board has decided to revise one of the examples of unlawful employer conduct contained in the NPRM. The Board concludes that the other provisions, as proposed, are accurate and informative and, as with the notice as a whole, strike an appropriate balance between being simultaneously instructive and succinct.

Furthermore, the Board sees no reason to add or subtract from the employer or union illegal activity to make the two sections contain an equal number of paragraphs. The comment that argues that no imbalance exists in the statute is correct, but the majority of violations under Section 8(b) concern union conduct *vis-à-vis* employers, not conduct that impairs employees' rights. The notice of rights is intended to summarize employer and union violations against employees; accordingly, there is no need to alter the list to include unlawful union activity against employers.

i. No-Solicitation and No-Distribution Rules

The Board received a few comments that were critical of the proposed notice language stating that an employer cannot lawfully prohibit employees from "soliciting for the union during non-work time or distributing union literature during non-work time, in non-work areas." The Service Employees International Union comments that "solicitation" has a narrow meaning and involves asking someone to join the union by signing an authorization card, which is subject to the restrictions suggested in the notice. The comment submits that the notice should state that an employer cannot prohibit employees from "talking" about a union. The comment suggests that "talking" is both more accurate and is easier for employees to understand than "soliciting."

The remaining comments criticize the provision for failing to note any limitations on employees' rights to solicit and distribute, such as the limited rights of off-duty employees, and limitations in retail and health care establishments. One comment, in particular, suggests the notice should advise healthcare employees that they do not enjoy a protected right to solicit in immediate patient care areas or where their activity might disturb patients. See *Beth Israel Hosp.* v. *NLRB,* 437 U.S. 483 (1978). The comment proposes to include a qualification that a hospital or other health care employer may prohibit all solicitation in immediate patient care areas or outside those areas when necessary to avoid disrupting health care operations or disturbing patients. Another comment suggests that the law in this area is so complex that no meaningful but succinct provision can be constructed, and therefore recommends deleting it entirely.

The Board disagrees with those comments. The Board appreciates that under case law, employees' right to engage in solicitation and distribution of literature is qualified in certain settings and accordingly that employers may, in some situations, legally prohibit solicitation or distribution of literature even during employees' nonworking time. Given the variety of circumstances in which the right to solicit and distribute may be limited, however, the Board has determined that limitations on the size and format of the notice preclude the inclusion of factual situations in which an employer may lawfully limit such activity. As stated above, employees may contact the NLRB with specific questions about the lawfulness of their employers' rules governing solicitation and literature distribution.

Turning to the suggestion that the notice should be modified to remove the reference to union solicitation in favor of a reference only to the right to engage in union talk, the Board agrees in part. The Board distinguishes between soliciting for a union, which generally means encouraging a co-worker to participate in supporting a union, and union talk, which generally refers to discussions about the advantages and disadvantages of unionization. *Scripps Memorial Hosp.,* 347 NLRB 52 (2006). The right to talk about terms and conditions of employment, which would necessarily include union talk, is encompassed more specifically by the "discussion" provision in the affirmative rights section of the notice. That provision indicates that employees have the right to "discuss your terms and conditions of employment or union organizing with your co-workers or a union." In order to maintain consistency and clarity throughout the notice, the Board agrees that some change is necessary to the solicitation provision. Accordingly, the final notice will state that it is illegal for an employer to "prohibit you from talking about or soliciting for a union during non-work time, such as before or after work or during break times; or from distributing union literature during non-work time, in non-work areas, such as parking lots or break rooms."

ii. Questioning Employees About Union Activity

The Board received one comment concerning this provision, suggesting that it was confusing. The Board believes the existing language is sufficiently clear.

iii. Taking Adverse Action Against Employees for Engaging in Union-Related Activity

The Board did not receive any specific comments regarding this provision.

iv. Threats To Close

A few comments from employer groups criticize the perceived overgeneralization of this provision. Those comments note that, as with unlawful interrogation, a threat to close is evaluated under a totality of circumstances, and that an employer is permitted to state the effects of unionization on the company so long as the statement is based on demonstrably probable consequences of unionization.

The Board agrees that the law in this general area is complex and that predictions of plant closure based on demonstrably probable consequences of unionization may be lawful. *NLRB* v. *Gissel Packing Co.,* 395 U.S. 575, 618 (1969). However, the example in the proposed notice is not such a prediction; rather, the notice states that it is unlawful for an employer to "threaten to close your workplace if workers choose a union to represent them." Such a statement, which clearly indicates that the employer will close the plant in retaliation against the employees for choosing union representation, is unlawful. *Id.* at 618–619. Thus, the Board finds it unnecessary to modify or delete this provision of the notice.

v. Promising Benefits

The Board received one comment addressing this provision. The comment argues that the provision is "troubling" because it may be interpreted by a reader to mean "anytime their employer seeks to make such improvements it discourages union support because improved wages and benefits may reduce employee's interest in a union." The Board does not think such an

interpretation would be reasonable, because it is contrary to the plain language of the notice. The notice states that promises or grants of benefits ''to discourage or encourage union support'' are unlawful. It would make little sense to use such language if the Board had meant that any promises or grants of benefits were unlawful, rather than only those with the unlawful stated purposes. And stating that such promises or grants to * * * encourage union support are unlawful necessarily implies that not all promises and grants of benefits discourage union support.

vi. Prohibitions on Union Insignia

A few comments suggest that the provision fails to illuminate the conditions under which ''special circumstances'' may exist, including in hotels or retail establishments where the insignia may interfere with the employer's public image, or when the insignia is profane or vulgar. Another comment indicates that the provision is overly broad because it does not reflect that a violation depends on the work environment and the content of the insignia. All the comments addressing this provision suggest either adding more detail to the provision to narrow its meaning, or striking the provision entirely.

Again, the Board disagrees. Employees have a statutorily protected right to wear union insignia unless the employer is able to demonstrate ''special circumstances'' that justify a prohibition. *Republic Aviation Corp.* v. *NLRB,* 324 U.S. 793 (1945). For reasons of format, the notice cannot accommodate those comments suggesting that this provision specify cases in which the Board has found ''special circumstances,'' such as where insignia might interfere with production or safety; where it conveys a message that is obscene or disparages a company's product or service; where it interferes with an employer's attempts to have its employees project a specific image to customers; where it hinders production; where it causes disciplinary problems in the plant; where it is in an immediate patient care areas; or where it would have any other consequences that would constitute special circumstances under settled precedent. *NLRB* v. *Mead Corp.,* 73 F.3d 74, 79 (6th Cir. 1996), enfg. *Escanaba Paper Co.,* 314 NLRB 732 (1994).

Given the lengthy list of potential special circumstances, the addition of one or two examples of special circumstances might mislead or confuse employees into thinking that the right to wear union insignia in all other circumstances was absolute. And including an entire list of special circumstances, concerning both the wearing of union insignia and other matters (*e.g.,* striking and picketing, soliciting and distributing union literature), would make it impossible to summarize NLRA rights on an 11x17 inch poster. In any event, the Board finds that the general caveat that special circumstances may defeat the application of the general rule, coupled with the advice to employees to contact the NLRB with specific questions about particular issues, achieves the balance required for an employee notice of rights about wearing union insignia in the workplace.

vii. Spying or Videotaping

Aside from the few comments that suggest the provision be stricken, only one comment specifically addresses the content of this provision. The comment states that the language is confusing because a ''supervisor might believe it would be permissible to photograph or tape record a union meeting. Another might say that their video camera doesn't use tape so it's okay to use.'' The Board has determined that no change is necessary. In the Board's view, it is unlikely that a reasonable supervisor would construe this notice language (which also says that it is unlawful to ''spy on'' employees' peaceful union activities) as indicating that it is unlawful to videotape, but lawful to tape record or photograph, such activities. Supervisors are free to contact the Board if they are unsure whether a contemplated response to union activity might be unlawful.

viii. Other Suggested Additions to Illegal Employer Conduct

The Heritage Foundation suggests that the Board add language to the notice informing employees that if they choose to be represented by a union, their employer may not give them raises or bonuses for good performance without first bargaining with the union. The comment suggests that the Board add the following provision ''if a union represents you and your co-workers, give you a pay raise or a bonus, or reduce or dock your pay, without negotiating with the union.'' The Board rejects this suggestion for the same reason it rejects other comments contending that the notice should include the consequences of unionization in the summary of NLRA rights, above.

The National Immigration Law Center suggests that the Board add the following to the notice poster:

> Under the NLRA, it is illegal for your employer to: Report you or threaten to report you to Immigration and Customs Enforcement (ICE) or to other law enforcement authorities in order to intimidate or retaliate against you because you join or support a union, or because you engage in concerted activity for mutual aid and protection.

The Board finds it unnecessary to add this statement. The notice states that it is unlawful for an employer to ''fire, demote, or transfer you, or reduce your hours or change your shift, or *otherwise take adverse action against you, or threaten to take any of these actions,* because you join or support a union, or because you engage in concerted activity for mutual aid and protection (emphasis added) [.]'' Reporting or threatening to report an employee in the manner described in the comment would be a form of adverse action or threat thereof, and the Board believes that it would be understood as such.

d. Examples of Illegal Union Activity

The proposed notice contained the following examples of unlawful union conduct:

> Under the NLRA, it is illegal for a union or for the union that represents you in bargaining with your employer to:
>
> Threaten you that you will lose your job unless you support the union.
>
> Refuse to process a grievance because you have criticized union officials or because you are not a member of the union.
>
> Use or maintain discriminatory standards or procedures in making job referrals from a hiring hall.
>
> Cause or attempt to cause an employer to discriminate against you because of your union-related activity.
>
> Take other adverse action against you based on whether you have joined or support the union.
>
> 75 FR 80419.

There were only a few comments addressing specific changes to the language in this section of the notice. ALFA criticizes the provision that states that a union may not ''threaten you that you will lose your job unless you support the union,'' because the proposed language ''fails to capture Section 8(b)(1)(A)'s broader prohibition against restraint and coercion.'' The comment suggests revising the language to state that a union may not ''[r]estrain or coerce you in the exercise of your right to refrain from joining a union by threatening to inflict bodily harm or following you to your home and refusing to leave unless you sign a union card.'' That comment also suggests adding a provision stating that it is unlawful for a union to ''promise to waive your union initiation fee if you agree to sign a union card before a vote is taken.''

Another comment argues that the illegal union conduct portion of the notice fails to fully inform employees of their rights as union members.[109] In contrast, another comment states a different position—that the list of illegal union conduct "ostensibly relates only to restraint or coercion by a union in a unionized environment." [110] The comment further states that the Board should have included examples of "union restraint or coercion in an organizing setting" but gives no specific examples.

ALFA suggests three changes to the unlawful union activity section. First, rather than say that the union may not "threaten you that you will lose your job," a more comprehensive statement would be "threaten, harass, or coerce you in order to gain your support for the union." The Board agrees, except as regards "harass," which is sometimes used to characterize almost any sort of union solicitation. Accordingly, the statement will be modified to read "threaten or coerce you in order to gain your support for the union." Second, the comment suggests changing "cause or attempt to cause an employer to discriminate against you" to "discriminate or attempt to discriminate against you because you don't support a union." The Board disagrees, because the suggested change would shift the focus of the provision away from the sort of conduct contemplated in the rule. *See* NLRA Section 8(b)(2), 29 U.S.C. 158(b)(2). Third, the comment suggests changing "take other adverse action against you based on whether you have joined or support the union" to "take adverse action against you because you have not joined or do not support the union." The Board agrees and will modify this provision of the notice accordingly.

Baker & McKenzie urges that a variety of other examples of unlawful union conduct be added to the notice, including requiring nonmembers to pay a fee to receive contract benefits, disciplining members for engaging in activity adverse to a union-represented grievant, disciplining members for refusing to engage in unprotected activity, engaging in careless grievance handling, failing to notify employees of their *Beck* rights, requiring employees to agree to dues checkoff instead of direct payment, discriminatorily applying hiring hall rules, and conditioning continued employment on the payment of a fine or dues in "right-to-work" states.

As with the examples of unlawful employer activity, the Board concludes that the provisions concerning unlawful union activity, as proposed, are accurate and informative, and, as with the notice as a whole, strike an appropriate balance between being simultaneously instructive and succinct. Moreover, the Board finds it unnecessary to include additional examples of unlawful conduct so that the lists of employer and union activity are the same length because the notice describes the central forms of unlawful conduct engaged in by each type of entity. Still less is it necessary to add a host of additional examples of unlawful union conduct, with the result that the list of such conduct would be much longer than the list of unlawful employer conduct. In the Board's view, the list of unlawful union conduct in the proposed notice fairly informs employees of the types of conduct that a union is prohibited from engaging in without providing unnecessary or confusing examples. Employees may contact the NLRB if they believe a union has violated the NLRA.

e. Collective-Bargaining Provision

The collective-bargaining provision of the NPRM states that "if you and your co-workers select a union to act as your collective bargaining representatives, your employer and the union are required to bargain in good faith and in a genuine effort to reach a written, binding agreement setting your terms and conditions of employment. The union is required to fairly represent you in bargaining and enforcing the agreement." 75 FR 80419.

The Board received only a few comments on this provision of the notice. Notably, COLLE requests the inclusion of a limitation on the provision that employees have the right to bargain collectively, in order to clarify that the employer's obligation is only to bargain in good faith and not necessarily to reach an agreement. A second comment suggests that the notice inform employees that they have the right to "sue a union for unfairly representing the employee in bargaining, contract administration, or a discrimination matter."

The Board has decided that no changes are necessary to the duty to bargain paragraph. The Board is satisfied that the proposed collective-bargaining provision provides sufficient guidance to employees about the exercise of these rights while still staying within the constraints set by a necessarily brief employee notice. As to the first comment, the notice states that an employer and union have a duty to "bargain in good faith and in a genuine effort to reach a written, binding agreement." As discussed above, by referring to a "genuine effort" to reach agreement, the notice necessarily implies that the parties are not obliged to actually reach one. The duty to bargain in good faith has many components. *See NLRB* v. *Katz,* 369 U.S. 736 (1962). And the suggestion that employers do not have to agree to certain proposals, although correct, does not account for the line of cases that suggest that an important ingredient in good faith bargaining is a willingness to compromise. *See Phelps Dodge,* 337 NLRB 455 (2002).

Turning to the suggestion that the notice include language informing employees of their right to "sue" the union if it fails to represent them fairly, the Board has concluded that the notice sufficiently apprises employees of their right to fair representation and of their right to file unfair labor practice charges with the Board should a union fail to fulfill that duty. The rights that employees have to sue unions directly in court without coming to the Board are beyond the scope of this rulemaking.

f. Coverage Provision

In regard to coverage under the NLRA, the proposed notice states:

> The National Labor Relations Act covers most private-sector employers. Excluded from coverage under the NLRA are public-sector employees, agricultural and domestic workers, independent contractors, workers employed by a parent or spouse, employees of air and rail carriers covered by the Railway Labor Act, and supervisors (although supervisors that have been discriminated against for refusing to violate the NLRA may be covered). 75 FR 80419.

A comment from the National Immigration Law Center suggests adding the following language: "The NLRA protects the above-enumerated rights of all employees, irrespective of their immigration status. That protection extends to employees without work authorization, though certain remedies in those circumstances may be limited. Employers cannot threaten you or intimidate you on the basis of you immigration status to prevent you from joining or supporting a union, or engaging in concerted activity for mutual aid and protection."

The Board has decided not to amend the coverage provision in the final notice. Although the Board understands that many immigrant employees may be unsure whether they are covered by the NLRA, the notice does not include a list of covered employees. Including specific coverage of immigrants, but not other classes of employees, may cause

[109] *See* comment of National Association of Manufacturers.

[110] *See* comment of ALFA.

confusion for many employees. Currently, the language in the notice tracks statutory language and provides only the list of employees excluded from coverage. As a result, those employees not listed under the exclusions will reasonably believe they are covered employees under the statute. Any employees who are unsure of their status should contact a regional office of the NLRB.

The final notice as modified is set forth in the Appendix to Subpart A of this rule.

2. Posting Issues

The Board proposed that the notice to employees shall be at least 11 inches by 17 inches in size, and in such colors and type size and style as the Board shall prescribe. The proposed rule further provides that employers that choose to print the notice after downloading it from the Board's Web site must print in color, and the printed notice shall be at least 11 inches by 17 inches in size.

Proposed § 104.202(d) requires all covered employers to post the employee notice physically "in conspicuous places, including all places where notices to employees are customarily posted." Employers must take steps to ensure that the notice is not altered, defaced, or covered with other material. Proposed § 104.202(e) states that the Board will print the notice poster and provide copies to employers on request. It also states that employers may download copies of the poster from the Board's Web site, *http://www.nlrb.gov,* for their use. It further provides that employers may reproduce exact duplicates of the poster supplied by the Board, and that they may also use commercial poster services to provide the employee notice consolidated onto one poster with other Federally mandated labor and employment notices, as long as consolidation does not alter the size, color, or content of the poster provided by the Board. Finally, employers that have significant numbers of employees who are not proficient in English will be required to post notices of employee rights in the language or languages spoken by significant numbers of those employees. The Board will make available posters containing the necessary translations.

In addition to requiring physical posting of paper notices, proposed § 104.202(f) requires that notices be distributed electronically, such as by e-mail, posting on an intranet or an internet site, and/or other electronic means, if the employer customarily communicates with its employees by such means.[111] An employer that customarily posts notices to its employees on an intranet or internet site must display the required employee notice on such a site prominently—*i.e.,* no less prominently than other notices to employees. The Board proposed to give employers two options to satisfy this requirement. An employer may either download the notice itself and post it in the manner described above, or post, in the same manner, a link to the Board's Web site that contains the full text of the required employee notice. In the latter case, the proposed rule states that the link must contain the prescribed introductory language from the poster, which appears in Appendix to Subpart A, below. An employer that customarily communicates with its employees by e-mail will satisfy the electronic posting requirement by sending its employees an e-mail message containing the link described above.

The proposed rule provides that, where a significant number of an employer's employees are not proficient in English, the employer must provide the required electronic notice in the language the employees speak. This requirement can be met either by downloading and posting, as required in § 104.202(f), the translated version of the notice supplied by the Board, or by prominently displaying, as required in § 104.202(f), a link to the Board's Web site that contains the full text of the poster in the language the employees speak. The Board will provide translations of that link. 75 FR 80417.

Section 104.203 of the proposed rule provides that Federal contractors may comply with the requirements of the rule by posting the notices to employees required under the Department of Labor's notice-posting rule, 29 CFR part 471. *Id.*

The Board solicited comments on its proposed requirements for both physical and electronic notice posting. In addition, the Board solicited comments on whether it should prescribe standards regarding the size, clarity, location, and brightness of the electronic link, including how to prescribe electronic postings that are at least as large, clear, and conspicuous as the employer's other postings.

The Board received numerous comments concerning the technical requirements for posting the notices of employee rights. Those comments address the locations where notices would be physically posted, physical characteristics of the posters, requirements for posting in languages other than English, details of the requirement for electronic posting of notices by employers that customarily communicate with their employees electronically, and "safe harbor" provisions for Federal contractors that are already posting the Department of Labor's notice of NLRA rights.

a. Location of Posting

Section 104.202(d) of the proposed rule requires that the notice be posted "in conspicuous places, including all places where notices to employees are customarily posted." Some employers and their representatives, including law firm Baker & McKenzie, comment that the proposed rule does not define "customarily." The Board responds that the term is used in its normal meaning of "ordinarily" or "usually," as it has been used in the Board's remedial orders for decades.[112] This standard is consistent with the posting requirements in the regulations and statutes of other agencies.[113] Baker & McKenzie's comment contends that the quoted phrase should read instead "where other legally-required notices to employees are customarily posted." The Board disagrees. As under the Department of Labor's notice posting requirement,[114] the Board's final rule clarifies that the notice must be posted wherever notices to employees regarding personnel rules and policies are customarily posted and are readily seen by employees, not simply where other legally mandated notices are posted.

A number of comments from employers[115] and individuals take the position that it is time to move away from paper posters and to encourage employees to inform themselves of their rights through the Internet. Many comments object that the posting requirement will add to already cluttered bulletin boards or necessitate additional bulletin boards.[116] The Board responds to these comments above in section II, subsection C, Factual Support for the Rule. The Council of Smaller

[111] *See J. Picini Flooring,* 356 NLRB No. 9, slip op. at 6 (2010).

[112] *See, e.g., The Golub Corporation,* 159 NLRB 355, 369 (1966).

[113] *See, e.g.,* 29 CFR 1903.2 (Occupational Safety and Health Act); 29 CFR 1601.30 (Title VII of the Civil Rights Act of 1964); 42 U.S.C. 2000e-10(a) (Americans with Disabilities Act); 29 U.S.C. 2619(a) (Family and Medical Leave Act).

[114] 75 FR 28386.

[115] *See, e.g.,* comments of Buffalo Wild Wings; Associated Milk Producers, Inc.; Smitty's, Inc.; National Grocers Association; and Sorensen/Wille, Inc.

[116] *See, e.g.,* comments of Dr. Pepper Snapple Group; Georgia Caremaster Medical Services; Homestead Village, Inc.; Exodus Designs & Surfaces; Bonnie Dedmore State Farm.

Enterprises further maintains that the requirement to ensure that the notice is conspicuous and not altered or defaced imposes an unnecessary burden on employers. Caremaster Medical Services' comment asks whether periodic inspections of the notices will be conducted and, if so, by whom. Specifically, this comment expresses concern that employers will be forced to permit union officials to enter their facilities to inspect the notices. The rule does not provide for such inspections or alter current standards regarding union access to employers' premises. Rather, the Board contemplates that an employer's failure to comply with the rule will be brought to the attention of the employer or the Board by employees or union representatives who are lawfully on the premises.

The International Union of Operating Engineers comments that the rule needs to apply to the marine construction industry, in which employees work at remote sites and do not necessarily see a posting in the office. Another comment similarly states that the rule is not practical for small employers with dispersed employees, *e.g.,* trucking or insurance companies.[117] Similarly, one comment contends that the requirement is burdensome for construction employers, whose employees report to various worksites.[118] The Board recognizes that certain work situations, such as those mentioned in the comments, present special challenges with regard to physical posting. However, the Board concludes that these employers must nonetheless post the required notice at their work premises in accordance with the proposed rule. Electronic posting will also aid the employers in providing the notice to their employees in the manner in which they customarily communicate with them.

TLC Companies contends that professional employer organizations (PEOs) such as itself should be exempt from the rule's requirements. It explains that PEOs are "co-employers" of a client employer's employees, providing payroll and other administrative services. However, it asserts that PEOs have no control over the client employer's worksite. Accordingly, TLC Companies is concerned that a PEO could be found liable for its client's failure to post the notice. The Board contemplates that employers will be required to physically post a notice only on their own premises or at worksites where the employer has the ability to post a notice or cause a notice to be posted directed to its own employees.

Retail Industry Leaders Association asks whether the rule would apply to overseas employees of American employers. The answer to that question is generally "no"; the Board's jurisdiction does not extend to American employees engaged in permanent employment abroad in locations over which the United States has no legislative control. *See Computer Sciences Raytheon,* 318 NLRB 966 (1995). Employers of employees who are working abroad only temporarily are not required to post the notice in foreign workplaces.

b. Size and Form Requirements

Many comments from organizations and individuals object to the 11x17-inch size prescribed by the proposed rule.[119] They argue that most employers do not have the capacity to make 11x17-inch color copies and will have to use commercial copy services, which some contend are expensive. A human resources official also asserts that other required notices are smaller, and that the larger poster will be more eye-catching, implying that NLRA rights are more important. Other comments support the proposed 11x17-inch size, stating that the notice should stand out and be in large print, with one comment specifying that the title should be larger.[120] The AFL–CIO argues that employers should not be permitted to download the notice from the Board's Web site if their limited printing capacity would make it less eye-catching.

A few comments contend that the prescribed size will make it difficult to include in consolidated posters of various statutory rights, as the proposed rule permits.[121] One comment urges the Board to follow the "3′ rule," according to which a notice is large enough if it can be read from a distance of 3 feet,[122] and another suggests only a legibility requirement.[123] One comment states that minor deviations, such as ¼ inch, should not be deemed violations.[124] Another comment expresses a concern that a large, prominent poster could cause a few unhappy employees to begin activity that could result in divisiveness in a small facility.[125]

The Board has decided to retain the 11x17-inch poster size. As the NPRM states, the Board will furnish paper copies of the notice, at no charge, to employers that ask for them. Employers that prefer to download and print the notice from the Board's Web site will have two formats available: a one-page 11x17-inch version and a two-page 8 ½x11-inch version, which must be printed in landscape format and taped together to form the 11x17-inch poster. In response to the comments objecting to the added expense of obtaining color copies through outside sources, the Board has revised the rule to delete the requirement that reproductions of the notice be in color, provided that the reproductions otherwise conform to the Board-provided notice. Accordingly, the Board concludes that obtaining copies of the notice will not be difficult or expensive for employers.

The Board finds no merit to the other objections to the 11x17-inch poster size. Contrary to some comments, the Board does not believe that employees would think that NLRA rights are more important than other statutory rights, merely because the notice of NLRA rights is somewhat larger than notices prescribed under some other statutes. It would seem that, upon learning of all of their rights in the workplace, employees will determine from their understanding of the rights themselves, rather than the size of the various posters, which rights (if any) are more important to them than others. In the Board's view, adopting a subjective "3′ rule" or a "legibility standard" could lead to disagreements over whether a particular poster was "legible" or could be read at a distance of 3 feet. In addition, if, as some comments contend (without citing specifics), the size of the Board's notice will pose a problem for manufacturers of consolidated posters to include it with posters detailing other workplace rights, that would seem to be a problem best left to those manufacturers to solve.

c. Language Issues

The proposed rule requires that, "[w]here a significant portion of an employer's workforce is not proficient in English, the employer must provide the notice in the language the employees speak." This is the same standard applied in the Department of Labor's notice of NLRA rights for federal contractors (29 CFR 471.2(d)) and in the notice required under the Family and Medical Leave Act (29 CFR 825.300(4)). Many comments support the requirement and availability of translated notices, particularly as an essential way of informing immigrant

[117] Comment of TLC Companies.

[118] Comment of NAI Electrical Contractors.

[119] *See, e.g.,* comment of Associated General Contractors (AGC) of Iowa.

[120] *See, e.g.,* comments of AFL–CIO and three Georgetown University Law Center students.

[121] *See, e.g.,* comment of Sinnissippi Centers.

[122] AGC of Iowa.

[123] Sinnissippi Centers.

[124] National Council of Agricultural Employers.

[125] Mercy Center Nursing Unit Inc.

employees about their rights.[126] But several comments complain that the rule does not define "significant." [127] Baker & McKenzie proposes that the standard be 40 percent specifically of the employer's production and maintenance workforce, while the National Immigration Law Center proposes a 5 percent standard. Another comment urges that translated notices be required whenever any of the employees are not proficient in English.[128] The U.S. Chamber of Commerce asserts that a safe harbor is needed for employers when a notice in a particular language is not yet available from the Board. Moreover, a few comments contend that the Board should also provide Braille notices for vision-impaired employees, as well as audio versions for illiterate employees, and versions of the notice that are adaptable to assistive technologies.[129] One individual proposes that the rule mandate that employers read the notice to employees when they are hired and to all employees annually.

Having carefully considered the comments, the Board has decided to define "significant" in terms of foreign-language speakers as 20 percent or more of an employer's workforce. Thus, if as many as 20 percent of an employer's employees are not proficient in English but speak the same foreign language, the employer must post the notice in that language, both physically and electronically (if the employer is otherwise required to post the notice electronically). If an employer's workforce includes two or more groups constituting at least 20 percent of the workforce who speak different languages, the employer must either physically post the notice in each of those languages or, at the employer's option, post the notice in the language spoken by the largest group of employees and provide each employee in each of the other language groups a copy of the notice in the appropriate language. If such an employer is also required to post the notice electronically, it must do so in each of those languages. If some of an employer's employees speak a language not spoken by employees constituting at least 20 percent of the employer's workforce, the employer is encouraged, but not required, either to provide the notice to those employees in their respective language or languages or to direct them to the Board's Web site, *http://www.nlrb.gov,* where they can obtain copies of the notice in their respective languages. The Board has also decided to add to the notice instructions for obtaining foreign-language translations of the notice.

Employers will be required to request foreign-language notices from the Board or obtain them from the Board's Web site in the same manner as the English-language notice. If an employer requests from the Board a notice in a particular language in which the notice is not available, the requesting employer will not be liable for non-compliance with the rule until the notice becomes available in that language.

With respect to employees who are vision-impaired or those who are illiterate, employers may consult the Board's Regional Office on a case-by-case basis for guidance on appropriate methods of providing the required notice, including by audio recording.

d. Electronic Posting

Many employer comments oppose the requirement for electronic notice. The Coalition for a Democratic Workplace points out that other agencies do not require both electronic and physical posting and asserts that only one method is necessary. For example, the Coalition notes that the Family and Medical Leave Act notice obligation is satisfied by electronic posting alone, and other statutes do not mention electronic posting. The National Council of Agricultural Employers urges the Board to require electronic posting only if the employer posts other statutory or regulatory notices in that fashion. Another proposes that employers be permitted to choose either physical or electronic posting. The National Association of Manufacturers remarks that the proposed rule breaks new ground for using an employer's email system to communicate information about "union membership." The U.S. Chamber of Commerce suggests that this aspect of the rule would chill employers' use of new technologies. On the other hand, the AFL–CIO and several other commenters [130] support electronic as well as physical posting; the Center for American Progress Action Fund, among others, points out that electronic communications at work are standard now.

After carefully considering these comments, the Board concludes that electronic posting will substantially assist in providing the prescribed notice to employees. As some comments state, electronic communication is now a routine practice in many workplaces and the source of much information from employers to their employees. However, the Board has clarified the final rule to mandate only that, if an employer customarily communicates personnel rules or policies to its employees in that manner, it must also do so with respect to the notice of employee rights under the NLRA. The concern that the rule will discourage employers from using new technologies is apparently not widely shared and, in the Board's view, is implausible. Although the Board recognizes that some other statutes and regulations do not require electronic notice, it notes that they generally predated the routine use of electronic communications in the workplace. Having only recently begun ordering electronic posting of remedial notices,[131] the Board has limited experience in this area, and employers are encouraged to contact the local Regional Office with questions about this provision. The Board does not agree that employers should be permitted to choose whether to provide physical or electronic notice, because some employers could select the less effective of these alternatives, thus undermining the purpose of the rule. Finally, the rights stated in the notice are not accurately described as pertaining solely to union membership, and the notice is not intended to promote union membership or union representation. Rather, the notice addresses a broad range of employee legal rights under the NLRA, which involve protected concerted activity as well as union activity in both organized and unorganized workplaces, and also the right to refrain from any such activity.

Many employer comments note that the proposed rule also does not define "customarily" as it pertains to electronic posting in § 104.202(f), *i.e.,* the type and degree of communication that triggers the requirement.[132] Numerous employers also participated in a postcard campaign objecting, among other things, that employers use a wide variety of technology to communicate with employees and that the rule could require them to use all methods to convey the notice.[133] For

[126] *See, e.g.,* comments of National Immigration Law Center, Legal Aid Society—Employment Law Center, and La Raza Centro Legal; Filipino Advocates for Justice.

[127] *See, e.g.,* comments of COLLE; Food Marketing Institute (FMI).

[128] Georgetown law students.

[129] *See, e.g.,* Baker & McKenzie; Heritage Foundation; Georgetown law students.

[130] *See, e.g.,* comments of Gibson, Dunn, Cohen, Leifer & Yellig, P.C.; Beeson, Tayer & Bodine.

[131] *J. Picini Flooring,* 356 NLRB No. 9 (2010).

[132] *See, e.g.,* comments of International Foodservice Distributors Association (IFDA); Associated Builders and Contractors; Los Angeles County Business Federation; National Roofing Contractors Association.

[133] *See, e.g.,* comments of American Home Furnishings Alliance; Seawright Custom Precast;

Continued

example, they ask whether an employer that occasionally uses text messaging or Twitter to communicate with employees would have to use those technologies and, if so, how they would be able to comply with the rule, in view of the length restrictions of these media. The U.S. Chamber of Commerce raises the same issue regarding faxing, voice mail, and instant messaging. The National Roofing Contractors Association notes that some employers use email to communicate with certain employees, while other employees have no access to email during their work day. As to email communication itself, an individual observes that many employees change jobs every 3 to 4 years, and an email reaches only those in the workforce at a specific time. The same comment notes that the proposed rule does not state when or how often email notice should be provided. Three Georgetown law students recommend that the rule mandate email as well as intranet notice to employees when it goes into effect and written notice to new employees within a week of their starting employment.

The Board responds that, as discussed above regarding the location of posting, "customarily" is used in its normal meaning. This provision of the rule would not apply to an employer that only occasionally uses electronic means to communicate with employees. However, in view of the numerous comments expressing concern over the proposed rule's email posting requirements, the Board has decided not to require employers to provide the notice to employees by means of email and the other forms of electronic communication listed in the previous paragraph. In the Board's judgment, the potential for confusion and the prospect of requiring repeated notifications in order to reach new employees outweigh the benefits that could be derived at the margin from such notifications. All employers subject to the rule will be required to post the notice physically in their facilities; and employers who customarily post notices to employees regarding personnel rules or policies on an internet or intranet site will be required to post the Board's notice on those sites as well. Moreover, those notices (unlike the Board's election and remedial notices) must remain posted; thus, it is reasonable to expect that even though some employees may not see the notices immediately, more and more will see them and learn about their NLRA rights as time goes by. Accordingly, the only electronic postings required under the final rule will be those on internet or intranet sites.

Many comments address the characteristics of electronic posting, as prescribed in § 104.202(f). In the NPRM, the Board proposed not to prescribe the size, clarity, location, or brightness of an electronic notice or link to the notice, but rather require that it be at least as prominent as other electronic notices to employees, as the Department of Labor's rule requires. No comments suggest more specific requirements; the Michigan Health & Hospital Association argues that such requirements would result in inadvertent noncompliance. The Board has decided to adopt the Department of Labor's approach, as proposed in the NPRM.

Baker & McKenzie urges that the title of the link in the proposed rule be changed to "Employee Rights under the National Labor Relations Act" rather than "Important Notice about Employees Rights to Organize and Bargain Collectively with Their Employers." The Board agrees and has revised the rule accordingly.

A comment from Vigilant states that a link to the Board's Web site, which is one means of electronic posting, should not be required to include the introductory language of the notice. The Board agrees, noting that the Department of Labor takes this approach, and will not require that electronic links to the Board's Web site include the introductory language.

For the foregoing reasons, the Board has decided to retain the posting requirements as proposed in the NPRM, modified as indicated above.

e. Compliance With the Department of Labor's Rule

Several comments opposing the proposed rule urge that, if the rule becomes final, the Board should retain the "safe harbor" provided for Federal contractors that comply with the Department of Labor's notice posting rule.[134] However, the U.S. Chamber of Commerce states that some employers post the Department of Labor's notice at facilities where it is not required or where Federal contract work is performed only sporadically. It questions whether such employers must replace the Department of Labor's notice with the Board's when no contract work is being performed, or whether they can comply with the Board's rule by leaving the Department of Labor's notice in place. The Chamber proposes that employers be allowed to choose to maintain the Department of Labor's notice, although another comment asserts that employees might think that the notice is no longer applicable because of the lack of a current contract. Another comment raises the possibility that either the Board or the Department of Labor could decide to change its notice and emphasized that they need to be identical in order to provide the safe harbor. The Board responds that a Federal contractor that complies with the Department of Labor's notice-posting rule will be deemed in compliance with the Board's requirement.[135]

3. Exceptions

The rule applies only to employers that are subject to the NLRA. Under NLRA Section 2(2), "employer" excludes the United States government, any wholly owned government corporation, any Federal Reserve Bank, any State or political subdivision, and any person subject to the Railway Labor Act, 45 U.S.C. 151 *et seq.* 29 U.S.C. 152(2). Thus, under the proposed rule, those excluded entities are not required to post the notice of employee rights. The proposed rule also does not apply to entities that employ only individuals who are not considered "employees" under the NLRA. *See* Subpart A, below; 29 U.S.C. 152(3). Finally, the proposed rule does not apply to entities over which the Board has been found not to have jurisdiction, or over which the Board has chosen through regulation or adjudication not to assert jurisdiction.[136] The Board proposed that all employers covered under the NLRA would be subject to the notice posting rule. 75 FR 80413.

The Coalition for a Democratic Workplace argues that the final rule cannot be applied to religiously-affiliated employers. The Coalition argues that assertion of jurisdiction would "substantially burden [such employers'] exercise of religion in violation of both the First Amendment and the Religious Freedom Restoration Act." Similarly, Seyfarth Shaw contends that religiously-affiliated healthcare

Mount Sterling, Kentucky Chamber of Commerce; U.S. Xpress, Inc.

[134] *See, e.g.,* comments of IFDA; Estes; The Sack Company; National Roofing Contractors Association.

[135] A few comments ask whether the Board's rule would preempt the Department of Labor's rule. Because the answer to that question would not affect the validity of the Board's rule, the Board finds it unnecessary to take a position on that issue in this proceeding.

[136] The proposed rule excludes small businesses whose impact on interstate commerce is de minimis or so slight that they do not meet the Board's discretionary jurisdiction requirements. See generally An Outline of Law and Procedure in Representation Cases, Chapter 1, found on the Board's Web site, *http://www.nlrb.gov,* and cases cited therein.

institutions should be excluded from coverage if they are nonprofit and hold themselves out to the public as being religious.

The Board examines jurisdictional issues on a case-by-case basis, and the Board's jurisdiction jurisprudence is highly complex. The Board has asserted jurisdiction over some religiously-affiliated employers in the past, but has declined to assert jurisdiction over other religiously-affiliated employers. *See, e.g., Ecclesiastical Maintenance Service,* 320 NLRB 70 (1995), and *St. Edmund's High School,* 337 NLRB 1260 (2002). In *Ukiah Valley Medical Center,* the Board found that neither the First Amendment nor the Religious Restoration Act precludes the Board from asserting jurisdiction over a religiously-affiliated employer. 332 NLRB 602 (2000). If an employer is unsure whether the Board has jurisdiction over its operations, it may contact the Board's regional office.

In its comment, the United Stated Postal Service points out that it has different statutory rules from those covering other private sector employees. Labor relations in the Postal Service are governed by Chapter 12 of the Postal Reorganization Act of 1970, 39 U.S.C. 1201 *et seq.* Section 1209(a) of the Postal Reorganization Act generally makes the NLRA applicable to all employee-management relations "to the extent not inconsistent with the provisions of this title." As raised by the comment, there are indeed several areas in which the Postal Reorganization Act is inconsistent with the NLRA. The principal differences are that an agency shop is prohibited (*id.* section 1209(a)) and that postal employees may not strike. *Id.* Section 410(b)(1)(incorporating 5 U.S.C. 7311).

In light of these differences, the Board agrees that a postal worker-specific notice is necessary. The Board, however, does not wish to create a notice without the benefit of specific public comment on this issue. Accordingly, the Board will exclude the United States Postal Service from coverage under the final rule; the Board may, at a later date, request comments on a postal worker-specific notice.

Subpart B—Enforcement and Complaint Procedures

Subpart B of the rule contains procedures for enforcement of the employee notice-posting requirement. In crafting Subpart B, the Board was mindful of the need to identify an effective remedy for noncompliance with the notice-posting requirement. The Board gave careful consideration to several alternative approaches to enforcing the rule's notice-posting requirements. Those alternatives, not all of which are mutually exclusive, were (1) Finding the failure to post the required notices to be an unfair labor practice; (2) tolling the statute of limitations for filing unfair labor practice charges against employers that fail to post the notices; (3) considering the willful failure to post the notices as evidence of unlawful motive in unfair labor practice cases; (4) voluntary compliance. 75 FR 80413–80414.

As explained in the NPRM, the Board considered but tentatively rejected relying solely on voluntary compliance. This option logically would appear to be the least conducive to an effective enforcement of the notice-posting requirement, and the Board's limited experience with voluntary posting of notices of employee rights seems to confirm this. When an election petition is filed, the Board's Regional Office sends the employer Form NLRB–5492, Notice to Employees, together with a leaflet containing significant "Rights of Employees." See the Board's Casehandling Manual, Part Two—Representation Proceedings, Section 11008.5, found on the Board's Web site, *http://www.nlrb.gov.* The Regional Office also asks employers to post the notice of employee rights in the workplace; however, the Board's experience is that the notices are seldom posted. *Id.* at 80414. Moreover, because the notice is voluntary and there is no enforcement scheme, there is no remedy to fix the problem when the notice is not posted. The Board has found nothing in the comments to the NPRM that would give it reason to believe that voluntary compliance would be any more effective under the present notice rule. Therefore, the Board has decided not to rely on voluntary compliance. Instead the final rule provides that failing to post the notice may be found to be an unfair labor practice and may also, in appropriate circumstances, be grounds for tolling the statute of limitations. In addition, a knowing and willful failure to post employee notices may be found to be evidence of unlawful motive in an unfair labor practice case. (As the Board also explained in the NPRM, it did not consider imposing monetary fines for noncompliance, because the Board lacks the statutory authority to impose "penalties or fines." See, *e.g., Republic Steel Corp.* v. *NLRB,* 311 U.S. 7, 10–12 (1940).) These provisions have two purposes: to ensure that any violations of the notice-posting requirement that occur may be remedied where necessary, and to describe how violations of the notice-posting requirement may affect other Board proceedings.[137]

The Board received several hundred comments regarding the proposed means of enforcing the notice posting requirement. Those that favor implementing the rule also favor the proposed enforcement mechanisms.[138] Those opposing the rule generally oppose all three enforcement mechanisms.

A. Noncompliance as an Unfair Labor Practice

The rule requires employers to inform employees of their NLRA rights because the Board believes that employees must know their rights in order to exercise them effectively. Accordingly, the Board may find that an employer that fails or refuses to post the required notice of employee rights violates Section 8(a)(1) of the NLRA, 29 U.S.C. 158(a)(1) by "interfer[ing] with, restrain[ing], or coerc[ing] employees in the exercise of the rights guaranteed in section 7 (29 U.S.C. 157)."

As it explained in the NPRM, the Board expects that most employers that fail to post the required notice will do so simply because they are unaware of the rule, and that when it is called to their attention, they will comply without the need for formal administrative action or litigation. When that is not the case, the Board's customary procedures for investigating and adjudicating alleged unfair labor practices may be invoked. See NLRA Sections 10 and 11, 29 U.S.C. 160, 161; 29 CFR part 102, subpart B.[139] When the Board finds a violation, it will customarily order the employer to cease and desist and to post the notice of

[137] The tolling and animus provisions are not remedies in the usual sense of the term; however, these provisions inform the public of the impact that violations of the notice posting obligation may have in other NLRB proceedings. As described below, these impacts are not a "punishment" for noncompliance. To the contrary, the tolling provision is intended to ensure that noncompliance with the notice posting requirement does not prejudice innocent employees. And the animus provision is intended to inform the public that knowing and willful violations of the rule may support an inference of animus toward NLRA rights.

[138] *See, e.g.,* Harkin and Miller, National Employment Law Project, Public Justice Center, Inc.

[139] The Board's General Counsel has unreviewable discretion as to whether to issue a complaint in an unfair labor practice proceeding. *See, e.g., Vaca* v. *Sipes,* 386 U.S. 171, 182 (1967). The General Counsel has exercised that discretion to refuse to proceed with meritorious charges when it would not serve the purposes of the Act. See General Counsel memoranda 02–08 and 95–15. This discretion includes dismissing any charge filed against an employer that is not covered by the Board's jurisdictional requirements.

employee rights as well as a remedial notice.[140] 75 FR 80414.

The comments opposing this proposal make three principal arguments. First, only Congress, not the Board, has the authority to "create a new unfair labor practice." [141] Second, even if the Board possesses such authority, it has not identified the Section 7 rights that would be interfered with by an employer's failure to post the notice.[142] Third, "interfer[ing] with, restrain[ing], or coerc[ing]" employees within the meaning of NLRA Section 8(a)(1) necessarily involves action, not failure to act; therefore, failure to post the notice cannot violate Section 8(a)(1).[143] The Board finds no merit in any of these contentions.

To begin with, it is incorrect to say that the Board lacks the authority to find that failure to post the notice violates Section 8(a)(1) without Congressional approval. It is true, as the Society for Human Resource Management states, that "Section 10(a) of the Act specifically limits the NLRB's powers to preventing only the unfair labor practices listed in Section 8 of the Act. Section 8 is silent regarding any notice posting requirement (emphasis in original)." However, as the Supreme Court remarked long ago,

> The [NLRA] did not undertake the impossible task of specifying in precise and unmistakable language each incident which would constitute an unfair labor practice. On the contrary that Act left to the Board the work of applying the Act's general prohibitory language in the light of the infinite combinations of events which might be charged as violative of its terms. Thus a "rigid scheme of remedies" is avoided and administrative flexibility within appropriate statutory limitations obtained to accomplish the dominant purpose of the legislation.

Republic Aviation Corporation v. *NLRB,* 324 U.S. 793, 798 (1945) (citation omitted). Accordingly, since its creation, the Board in interpreting Section 8(a)(1) has found numerous actions as to which "Section 8 is silent"—*e.g.,* coercively interrogating employees about their protected concerted activities, engaging in surveillance of employees' union activities, threatening employees with retaliation for engaging in protected activities—to violate Section 8(a)(1) by "interfer[ing] with, restrain[ing], or coerc[ing] employees in the exercise of the rights guaranteed in section 7" of the NLRA. Section 8 is equally silent concerning unions' duty to inform employees of their rights under *NLRB* v. *General Motors,* above, and *Communications Workers* v. *Beck,* above, before attempting to obligate them pursuant to a union-security clause, yet the Board finds that a union's failure to provide that notice restrains and coerces employees in violation of Section 8(b)(1)(A). *California Saw & Knife Works,* above, 320 NLRB at 233, 259, 261.[144]

Because, as described in detail above, notice posting is necessary to ensure effective exercise of Section 7 rights, a refusal to post the required notice is at least an interference with employees' exercise of those rights. For these reasons, in finding that an employer's failure to post the required notice interferes with, restrains, or coerces employees in the exercise of their NLRA rights, in violation of Section 8(a)(1), the Board is acting consistently with its settled practice. Some comments claim that the Board has not identified any specific Section 7 right to justify this remedy. But such specificity is not needed, because all Section 7 rights are implicated by an employer's failure to post the required notice. As previously stated, there is a strong nexus between knowledge of Section 7 rights and their free exercise. It therefore follows that an employer's failure to post this notice, which informs employees of their Section 7 rights, reasonably tends to interfere with the exercise of such rights.

Finally, although most violations of the NLRA involve actions rather than failures to act, there are instances in which a failure to act may be found to interfere with, restrain, or coerce employees in the exercise of their Section 7 rights. Thus, a union's failure to provide the required notices under *NLRB* v. *General Motors,* above, and *Communications Workers* v. *Beck,* above, violates Section 8(b)(1)(A) of the NLRA. *California Saw & Knife Works,* above, 320 NLRB at 233, 259, 261. An employer that fails or refuses to execute an agreed-to collective-bargaining agreement on request of the union violates Section 8(d), 8(a)(5) and, derivatively, Section 8(a)(1). An employer that fails to provide relevant information requested by the union that represents the employer's employees violates Section 8(a)(5) and (1). *See, e.g., NLRB* v. *Truitt Mfg. Co.,* 351 U.S. 149 (1956).

The NLRA's recognition that a failure to perform a legal duty may constitute unlawful interference, coercion or restraint is not unique. Courts have expressly held that the failure to post notice required by regulation can be an "interference" with employee Family and Medical Leave Act rights. In a provision that "largely mimics th[e language of] § 8(a)(1) of the NLRA," *Bachelder* v. *Am. W. Airlines,* 259 F. 3d 1112, 1123 (9th Cir. 2001), the FMLA states that "[i]t shall be unlawful for any employer to interfere with, restrain, or deny the exercise of or the attempt to exercise, any right provided under this title." 29 U.S.C. 2615(a)(1). In interpreting this language, the Department of Labor's regulations specifically state that failure to post the required notice of FMLA rights "may constitute an interference with, restraint, or denial of the exercise of an employee's FMLA rights" under section 2615(a)(1). 29 CFR 825.300(e). Courts have agreed, finding that the failure to provide FMLA notices is an "adverse action" against the employee that supports a prima facie case of interference. *Greenwell* v. *Charles Machine Works, Inc.,* (W.D. Ok. April 15, 2011); *Smith* v. *Westchester County,* (S.D.N.Y. February 14, 2011). Accordingly, the Board finds no impediment to declaring that an employer's failure to post the required notice will violate Section 8(a)(1).[145]

As it explained in the NPRM, however, the Board expects that, in practice, few violations will be found for failures to post the notice. The Board anticipates that most employers that fail to post the notice will do so because they are unaware of the rule, and that when they learn about the rule, they will post the notice without the need for formal administrative action or litigation. 75 FR 80414. To that end, § 104.212(a) of the rule states that if an

[140] Consistent with precedent, it will be unlawful for an employer to threaten or retaliate against an employee for filing charges or testifying in a Board proceeding involving an alleged violation of the notice-posting requirement. NLRA Sections 8(a)(1), 8(a)(4), 29 U.S.C. 158(a)(1), (4); *Romar Refuse Removal,* 314 NLRB 658 (1994).

[141] *See, e.g.,* comments of FMI, Assisted Living Federation of America (ALFA).

[142] *See, e.g.,* comment of U. S. Chamber of Commerce.

[143] *See, e.g.,* comments of Employment and Labor Law Committee, Association of Corporate Counsel ("ACC"); California Chamber of Commerce (California Chamber); and National Council of Agricultural Employers (NCAE).

[144] *See* Harkin and Miller. Although the Board suggested in a footnote in *California Saw* that there was no obligation to inform employees of their Section 7 rights, 320 NLRB at 232 n. 42, this dicta merely indicated that no such obligation had yet been recognized in that particular context. To the extent it could be read as denying that such an obligation may exist, it is the considered view of the Board that this reading must be rejected. Similarly, the statement in *U.S. Postal Service,* 241 N.L.R.B. 141, 152 (1979), regarding affirmative notice obligations is limited to *Weingarten* rights, and, in any event, does not suggest that notice of NLRA rights may never be required.

[145] ALFA contends that failure to post a Board-required notice is not an unfair labor practice, but the authorities cited do not support that proposition.

unfair labor practice charge is filed alleging failure to post the notice, ''the Regional Director will make reasonable efforts to persuade the respondent employer to post the * * * notice expeditiously,'' and that ''[i]f the employer does so, the Board expects that there will rarely be a need for further administrative proceedings.'' 75 FR 80419.

Numerous comments assert that finding the failure to post the notice to be an unfair labor practice is too harsh a remedy, especially for small employers that are more likely to be excusably unaware of the rule.[146] As just stated, in practice it should almost never be necessary for proceedings to reach that point. For the few employers that may ultimately be found to have violated Section 8(a)(1) by failing to post the notice of employee rights, the only certain consequences will be an order to cease and desist and that the notice and a remedial notice be posted; those remedies do not strike the Board as severe.

Michigan Health & Hospital Association urges that an employer be allowed to correct an initial failure to post the notice without further consequences; Fireside Distributors, Inc. agrees and asks that technical violations of the rule not be subject to a finding of a violation. The Heritage Foundation backs the same approach for inadvertent failures to post. The Board disagrees. To repeat, the Board anticipates that most employers that inadvertently fail to post the notice will do so on being informed of the posting requirement, and that in those circumstances further proceedings will rarely be required. However, the Board believes that this matter is best handled through the General Counsel's traditional exercise of prosecutorial discretion in accordance with the directions given here.

California Chamber and NCAE contend that the Board should specify the ''reasonable efforts'' a Regional Director will make to persuade an employer to post the notice when a charge alleging a failure to post has been filed. They propose that the rule be amended to state that the Board will send the employer at least two mailed letters, with the notice enclosed, requesting that the employer post the notice within a specified period of time, preferably 30 days. They also assert that the Board must specify the circumstances in which additional proceedings will be appropriate. The Heritage Foundation urges that § 104.212(a) be modified to state that if an employer promptly posts the notice, ''there will be no further administrative proceedings, unless the Board has information giving the Board reason to believe that the preceding failure to do so was intentional.'' The Board rejects these suggestions because they would create unnecessary obstacles to effective enforcement of the notice requirement. That requirement is straightforward, and compliance should be a simple matter. The Board believes that the General Counsel should have discretion to address particular cases of non-compliance efficiently and appropriately, depending upon the circumstances.

B. Tolling the Section 10(b) Statute of Limitations

NLRA Section 10(b) provides in part that ''no complaint shall issue based upon any unfair labor practice occurring more than six months prior to the filing of the charge with the Board[.]'' 29 U.S.C. 160(b). However, as the Board stated in the NPRM, the 6-month filing period does not begin to run until the charging party has actual or constructive notice of the allegedly unlawful conduct. See, *e.g., John Morrell & Co.,* 304 NLRB 896, 899 (1991), review denied 998 F.2d 7 (D.C. Cir. 1993) (table). 75 FR 80414. This makes intuitive sense, because it would be unfair to expect charges to be filed before the charging party could reasonably have known that the law was violated. Similar concerns for fairness justify tolling the statute of limitations where an employee, although aware of the conduct in question, is excusably unaware that the conduct is unlawful because mandatory notice was not given to the employee. The Board found that widespread ignorance of NLRA rights justified requiring notice to be posted. The Board cited the observation of the U.S. Court of Appeals for the Third Circuit in a case involving the failure to post the notice required under the ADEA, that ''[t]he [ADEA] posting requirement was undoubtedly created because Congress recognized that the very persons protected by the Act might be unaware of its existence.'' *Bonham* v. *Dresser Industries,* 569 F.2d 187, 193 (1977), cert. denied 439 U.S. 821 (1978). Accordingly, the Board proposed that tolling the 10(b) period for filing unfair labor practice charges might be appropriate where the required notice has not been posted. 75 FR 80414. For the reasons discussed below, the Board adheres to that view.

Section 10(b) is a statute of limitations, and statutes of limitations are presumed to include equitable tolling whenever the statute is silent or ambiguous on the issue. *Irwin* v. *Dep't Veterans Affairs,* 498 U.S. 89, 94–96 (1990); *Zipes* v. *Trans World Airlines, Inc.,* 455 U.S. 385, 392–98 (1982); see *Young* v. *United States,* 535 U.S. 43, 49 (2002) (''It is hornbook law that limitations periods are customarily subject to equitable tolling, unless tolling would be inconsistent with the text of the relevant statute.'' (quotations and citations omitted)); *Hallstrom* v. *Tillamook County,* 493 U.S. 20, 27 (1989) (''The running of such statutes is traditionally subject to equitable tolling.''); *Honda* v. *Clark,* 386 U.S. 484, 501 (1967); *Glus* v. *Brooklyn E.D. Terminal,* 359 U.S. 231, 232–33 (1959) (equitable tolling of statutes of limitations is ''[d]eeply rooted in our jurisprudence''); *Holmberg* v. *Armbrecht,* 327 U.S. 392, 396–97 (1946) (equitable tolling is ''read into every federal statute of limitation'').

In *Zipes,* the Supreme Court held that the timeliness provision of Title VII's charge-filing requirement was ''subject to waiver, estoppel and equitable tolling.'' 455 U.S. at 392–98. The Supreme Court expressly analogized to the NLRA, and stated that Section10(b) was not jurisdictional: ''[T]he time requirement for filing an unfair labor practice charge under the National Labor Relations Act operates as a statute of limitations subject to recognized equitable doctrines and not as a restriction of the jurisdiction of the National Labor Relations Board.'' *Id.* at n.11. *Zipes* strongly supports the proposed rule. The analogy between Title VII and the NLRA is well established, and neither the holding of *Zipes* regarding Title VII nor *Zipes'* characterization of 10(b) has ever been called into doubt.

Notices of employment rights are intended, in part, to advise employees of the kinds of conduct that may violate their rights so that they may seek appropriate remedies when violations occur. Failure to post required notices deprives employees of both the knowledge of their rights and of the availability of avenues of redress. Accordingly, a substantial majority of the courts of appeals—including the First, Third, Fourth, Fifth, Sixth, Seventh, Eighth, and Eleventh Circuits—have adopted the doctrine that the failure to post required employment law notices may result in equitable tolling of the statute of limitations. *Mercado* v. *Ritz-Carlton San Juan Hotel,* 410 F.3d 41, 47–48, 95 FEP Cases 1464 (1st Cir. 2005) (Title VII); *Bonham* v. *Dresser Industries,* above, 569 F.2d at 193 (ADEA); *Hammer* v. *Cardio Medical Products, Inc.,* 131 Fed. Appx. 829, 831–832 (3d Cir. 2005) (Title VII and ADEA);

[146] *See, e.g.,* comments of St Mar Enterprises, Inc. and National Federation of Independent Business.

Vance v. *Whirlpool Corp.,* 716 F.2d 1010 (4th Cir. 1983) (describing notice posting tolling as "the prevailing view of the courts"); *Elliot* v. *Group Med. & Surgical Serv.,* 714 F.2d 556, 563–64 (5th Cir. 1983); *EEOC* v. *Kentucky State Police Dept.,* 80 F.3d 1086, 1096 (6th Cir. 1996), cert. denied 519 U.S. 963 (1996); *Posey* v. *Skyline Corp.,* 702 F.2d 102 (7th Cir. 1983); *Schroeder* v. *Copley Newspaper,* 879 F.2d 266 (7th Cir. 1989); *Kephart* v. *Inst. Gas Tech.,* 581 F.2d 1287, 1289 (7th Cir. 1978); *Beshears* v. *Asbill,* 930 F.2d 1348 (8th Cir. 1991); *McClinton* v. *Alabama By-Prods. Corp.,* 743 F.2d 1483 (11th Cir. 1984); *see also Henchy* v. *City of Absecon,* 148 F. Supp. 2d 435, 439 (D. N.J. 2001); *Kamens* v. *Summit Stainless, Inc.,* 586 F. Supp. 324, 328 (E.D. Pa. 1984) (FLSA). [147] (But *see Wilkerson* v. *Siegfried Ins. Agency, Inc.,* 683 F.2d 344, 347 (10th Cir. 1982) ("the simple failure to post [Title VII and ADEA] notices, without intent to actively mislead the plaintiff respecting the cause of action, does not extend the time within which a claimant must file his or her discrimination charge.")).

After careful consideration, the Board is persuaded that the prevailing judicial view should apply in the NLRA context as well.[148] As an equitable concept, equitable tolling is a matter of fairness. The Board has determined that many employees are unaware of their NLRA rights and has devised a minimally burdensome means of attempting to rectify that situation—requiring employers to post workplace notices informing employees of those rights. To bar an employee who is excusably unaware of the NLRA from seeking a remedy for a violation of NLRA rights because he or she failed to file an unfair labor practice charge within the 10(b) period, when the employer did not post the required notice, would unfairly deprive the employee of the protection of the Act because of the employer's failure to comply with its legal responsibilities. To deny equitable tolling in such circumstances "would grant to the employee a right to be informed without redress for violation." *Bonham* v. *Dresser Industries,* above, 569 F.2d at 193.[149]

The Board received many comments opposing this proposed rule provision. Several comments assert that, when a charging party is unaware of the facts supporting the finding of an unfair labor practice, the Board tolls the 10(b) period only when the charged party has fraudulently concealed those facts from the charging party.[150] That is not so. The Board has long held, with court approval, that the 10(b) period begins to run only when the charging party has notice that the NLRA has been violated. The party asserting the 10(b) defense has the burden to show such notice; it may do so by showing that the charging party had either actual or constructive knowledge of the alleged unfair labor practice prior to the 10(b) period. *See, e.g., Broadway Volkswagen,* 342 NLRB 1244, 1246 (2004), enfd. sub nom. *East Bay Automotive Council* v. *NLRB,* 483 F.2d 628, 634 (9th Cir. 2007); *University Moving & Storage Co.,* 350 NLRB 6, 7, 18 (2007); *John Morrell & Co.,* above, 304 NLRB at 899; *Pullman Building Company,* 251 NLRB 1048 (1980), enfd. 691 F.2d 507 (9th Cir. 1982) (table); *Burgess Construction,* 227 NLRB 765, 766 (1977), enfd. 596 F.2d 378 (9th Cir. 1978), cert. denied 440 U.S. 940 (1979). Knowledge may be imputed if the charging party would have discovered the unlawful conduct by exercising reasonable or due diligence. *Broadway Volkswagen,* above, 342 NLRB at 1246. Certainly, the Board has found it appropriate to toll the 10(b) period when the charging party was excusably unaware of the pertinent facts because the charged party had fraudulently concealed them; *see, e.g., Burgess Construction,* above, 227 NLRB at 766; but tolling is not limited to such circumstances. *Pullman Building Company,* above, 251 NLRB at 1048.

To the extent that the comments argue that the Board should not engage in equitable tolling of the 10(b) period when an employer has merely failed to post the notice but not engaged in fraudulent concealment,[151] the Board disagrees. Fraudulent concealment concerns a different kind of equitable doctrine, and is not directly relevant to the notice posting equitable tolling doctrine hereby adopted. *See Mercado,* above, 410 F.3d at 46–47 n.8 (employer misconduct and equitable tolling doctrine form "two distinct lines of cases apply[ing] two distinct standards to two distinct bases for equitable tolling").

Some comments argue that because Section 10(b) contains a limited exception to the 6-month filing period for employees in the military, it is improper for the Board to toll the 10(b) period under other circumstances.[152] The Board rejects this argument as foreclosed by the Supreme Court's holding in *Zipes,* above, and by the long line of Board and court decisions finding tolling of the 10(b) period appropriate. In any event, the exception in Section 10(b) for persons in the military provides that if the aggrieved person "was prevented from filing such charge by reason of service in the armed forces, in which event the six-month period shall be computed from the day of his discharge." This provision does not toll the six-month period during armed service; rather, it states that the six-month period begins at discharge. *See Holland* v. *Florida,* 130 S.Ct. 2549, 2561 (2010) (rejecting argument that explicit exceptions to time limits in nonjurisdictional statute of limitations precluded equitable tolling).[153]

A number of comments contend that tolling the 10(b) period is contrary to the salutary purpose of statutes of limitations in general, and 10(b) in particular, which is "to require diligent prosecution of known claims, thereby providing finality and predictability in legal affairs and ensuring that claims will be resolved while evidence is reasonably available and fresh." [154] *Black's Law Dictionary,* 9th Edition, at 1546. The Board recognizes that with the passage of time evidence can be lost and witnesses die, move away, or their memories fade; it therefore will not lightly find that the 10(b) period should be tolled. However, like the courts whose decisions are cited above, the Board also recognizes that equitable tolling is a fundamental part of the statute of limitations, and that inequity results from barring an individual from seeking relief from a violation of his or her NLRA rights where the individual excusably was unaware of these rights. After all, the purpose of a statute of limitations is to "require diligent

[147] *See* comments of Harkin and Miller, AFL–CIO, and Service Employees International Union (SEIU).

[148] The Board has broad discretion to interpret 10(b), including equitable tolling, in accordance with its experience administering the Act. *Lodge 64, IAM* v. *NLRB,* 949 F.2d 441, 444 (D.C. Cir. 1991) (deferring to the Board's interpretation of 10(b) equitable exceptions).

[149] Under the final rule, the Board could also find the failure to post the notice to be an unfair labor practice, and could, if appropriate, consider a willful failure to post to be evidence of unlawful motive in an unfair labor practice case. However, in the absence of equitable tolling of the 10(b) period, such "redress" would not aid an employee who was excusably unaware of his or her NLRA rights, failed to file a timely charge, and thus was denied any remedy for violation of those rights. *Cf. Kanakis Co.,* 293 NLRB 435, 436 fn. 10 (1989) (possibility of criminal sanctions against employer would be little comfort to charging party if deprived of recourse to Board's remedial processes).

[150] *See, e.g.,* comments of FMI, COLLE.

[151] *See, e.g.,* comments of FMI, COLLE.

[152] *See, e.g.,* comments of California Chamber and NCAE.

[153] *American Bus Association* v. *Slater,* 231 F. 3d 1 (D.C. Cir. 2000), cited by California Chamber and NCAE, did not concern equitable tolling and is therefore inapposite. The court there also found that Congress had expressly limited the sanctions available under the Americans with Disabilities Act to those enumerated in that statute; such is not the case under the NLRA.

[154] *See, e.g.,* comments of FMI, COLLE, and U.S. Chamber of Commerce.

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prosecution of known claims,'' not claims that are unknown to the injured party. As to concerns that the statute of limitations could be tolled for years, ''perhaps indefinitely,'' [155] the Board responds that such a potential also exists under other statutes, as well as under the NLRA when a charging party is unaware of the facts giving rise to an alleged unfair labor practice. However, at this point, concerns about the unfairness of lengthy tolling periods are entirely speculative. Tolling is an equitable matter, and one factor to be considered in deciding whether equitable tolling is appropriate is whether it would prejudice the respondent. *Mercado,* above, 410 F.3d at 48. Accordingly, if a lengthy tolling of the 10(b) period would prejudice an employer in a given case, the Board could properly consider that factor in determining whether tolling was appropriate in that case.[156]

Several comments argue against tolling the 10(b) period because ''ignorance of the law is no excuse.'' [157] This argument is amply refuted by the court decisions cited above, in which limitations periods under other workplace statutes were tolled because employers failed to post required notices. Most notably, the Fifth Circuit has emphasized that the failure to post a required notice ''vitiates the normal assumption that an employee is aware of his rights.'' *Elliot* v. *Group Med. & Surgical Serv.,* 714 F.2d 556, 563–64 (5th Cir. 1983). In any event, the maxim relied on is generally understood to have arisen in order to prevent individuals (usually in criminal cases) from deliberately failing to ascertain whether actions they contemplate taking would be lawful, and then pleading ignorance when accused of lawbreaking.[158] In the Board's view, this reasoning loses much of its force when applied to individuals, such as charging parties in unfair labor practice cases, who are not accused of any wrongdoing but who claim to have been injured by the unlawful actions of other parties.

The Board emphasizes, however, that failure to post the required notice will not automatically warrant a tolling remedy. If an employer proves that an employee had actual or constructive knowledge of the conduct alleged to be unlawful, as well as actual or constructive knowledge that the conduct violated the NLRA, and yet failed to timely file an unfair labor practice charge, the Board will not toll the 10(b) period merely because of the employer's failure to post the notice. *Cf. John Morrell & Co.,* above, 304 NLRB at 899.

The Board asked for comments concerning whether unions filing unfair labor practice charges should be deemed to have constructive knowledge of the unlawful character of the conduct at issue. All of the comments that addressed this issue answered in the affirmative.[159] Unlike most employees, unions routinely deal with issues arising under the NLRA and are therefore more familiar with the Act's provisions. Accordingly, the tolling provisions in the final rule apply only to charges filed by employees, not those filed by unions. (The Board still could toll the 10(b) period if a charging party union did not discover the facts underlying the charge within six months, if the employees reporting those events failed to alert the union within that time because they were excusably unaware of their NLRA rights.)

Several comments contend that failure to post the required notice should not toll the 10(b) period if an employee who files an unfair labor practice charge is either a union member or is represented by a union. Taft Stettinius & Hollister LLP asserts that the burden should be placed equally on unions to ensure that their organizers and members are aware of employee rights under the NLRA. California Chamber and NCAE observe that knowledge of a filing time limit is generally imputed to an individual who is represented by an attorney, *see, e.g., Mercado* v. *Ritz-Carlton San Juan Hotel,* above, 410 F.3d at 47–48; they urge that an employee who is represented by a union should be treated similarly. Conversely, three Georgetown University law students oppose the idea that union-represented employees should be deemed to have constructive knowledge of NLRA rights. They reason that some workplaces may have unrepresented as well as represented employees, and that imputing knowledge to the latter group would provide an incentive not to post the notice, thus depriving the former group of needed information. The students also suggest that some employees, though represented, may have little contact with their unions and rely on workplace notices instead of unions for relevant information.

The Board finds some merit in both sets of contentions. On the one hand, it is reasonable to assume that employees who are represented by unions are more likely to be aware of their NLRA rights than unrepresented employees. And, although being represented by a union is not the same as being represented by legal counsel, it is reasonable to assume that union officials are sufficiently conversant with the NLRA to be able to give employees effective advice as to their NLRA rights. On the other hand, some employees, though represented by unions, may in fact have little contact with their bargaining representatives for one reason or other and may, in fact, be filing charges against their representative. Thus, the Board does not find it appropriate under all circumstances to impute knowledge of NLRA rights to charge-filing employees who are union members or are represented by unions. Rather, the Board will consider evidence concerning the union's representational presence and activity in determining whether it is appropriate to toll the 10(b) period.

C. Failure To Post as Evidence of Unlawful Motive

The Board suggested that it could consider an employer's knowing failure to post the notice as evidence of unlawful motive in an unfair labor practice proceeding in which motive is an issue. 75 FR 80414–80415. A number of comments assert that the Board cannot properly take that step.[160] To the contrary, the Board has often considered other unlawful conduct as evidence of antiunion animus in cases in which unlawful motive was an element of an unfair labor practice.[161] *See, e.g., Leiser Construction, LLC,* 349 NLRB 413, 417–419 (2007) (threats, coercive statements, interrogations evidence of unlawfully motivated failure to hire), enfd. 281 Fed. Appx. 781 (10th Cir. 2008) (unpublished); *Shearer's Foods,* 340 NLRB 1093, 1094 (2003) (plant closing threat evidence of unlawfully motivated discharge); *Ferguson-Williams, Inc.,* 322 NLRB 695, 703, 707 (1996) (threats, interrogations, creation of impression of surveillance, evidence of unlawfully motivated discharge); *Champion Rivet Co.,* 314 NLRB 1097, 1098 (1994) (circulating unlawful antiunion petition,

[155] *See* comments of Fisher & Phillips LLC and National Grocers Association.

[156] As to ACC's concern that the rule could potentially subject employers to unfair labor practice charges based on conduct as far back as 1935, the Board stresses that tolling will be available only in the case of unlawful conduct that occurs after the rule takes effect.

[157] *See, e.g.,* comments of Coalition for a Democratic Workplace and COLLE.

[158] Moreover, even in criminal law, the principle is not absolute. *See, e.g., Lambert* v. *California,* 355 U.S. 225 (1957).

[159] *See, e.g.,* comments of U.S. Chamber of Commerce, American Trucking Associations, Taft Stettinius & Hollister LLP.

[160] *See, e.g.,* comments of COLLE and California Chamber.

[161] *See* comment of AFL–CIO.

refusal to recognize and bargain with union, evidence of unlawfully motivated failure to hire). Thus, it is proper for the Board to consider a knowing and willful failure to post the notice as evidence of unlawful motive.

However, the Board has noticed that it employed somewhat inconsistent language in the NPRM regarding the consideration of failure to post the notice as evidence of antiunion animus. Thus, the caption of paragraph 104.214(b) reads: "*Knowing* noncompliance as evidence of unlawful motive." However, the paragraph itself states that "If an employer has actual or constructive knowledge of the requirement to post the notice and fails or refuses to do so, the Board may consider such a *willful* refusal as evidence of unlawful motive in a case in which motive is an issue." (Emphasis added in both cases.) 75 FR at 80420. In the preamble to the NPRM, the Board referred only to *knowing* noncompliance as evidence of unlawful motive. 75 FR at 80414–80415. On reflection, the Board wishes to clarify this provision to state that, to be considered as evidence of unlawful motive, an employer's failure to post the notice must be both knowing and willful—*i.e.*, the employer must have actual (as opposed to constructive) knowledge of the rule and yet refuse, on no cognizable basis, to post the notice. The Board is revising the language of the rule accordingly.

The comment that prompted these revisions urges that there should be no adverse consequences for the employer that does not post the notice because it has a good-faith (but, implicitly, erroneous) belief that it is not covered by the NLRA.[162] The Board rejects this contention as it pertains to finding the failure to post to be an unfair labor practice or grounds for tolling the 10(b) period. Failure to post the notice interferes with employees' NLRA rights regardless of the reason for the failure; good faith, though commendable, is irrelevant.[163] Additionally, tolling is concerned with fairness to the employee, and these fairness concerns are unaffected by the employer's good or bad faith; as previously noted, notice posting tolling is fundamentally different from tolling based upon employer misconduct. However, an employer that fails to post the notice only because it honestly but erroneously believes that it is not subject to the NLRB's jurisdiction does not thereby indicate that it is hostile to employees' NLRA rights, but only that it believes that those rights do not apply in the employer's workplace. In such a case, the employer's good faith normally should preclude finding the failure to post to be willful or evidence of antiunion animus.

ACC contends that even though the rule states that only a "willful" failure to post the notice may be considered evidence of unlawful motive, in practice the Board will always infer at least constructive notice from the publication of the rule in the **Federal Register** and the maxim that "ignorance of the law is no excuse."[164] The Board rejects this contention. The quoted maxim means only that an employer's actual lack of knowledge of the rule would not excuse its failure to post the notice. It would, however, undercut any suggestion that the failure to post was willful and therefore indicative of unlawful motive.

Contrary to numerous comments,[165] finding a willful failure to post the notice as evidence of animus is not the same as adopting a "presumption of animus" or "presumption of unlawful motive." There is no such presumption. The Board's general counsel would have the burden of proving that a failure to post was willful. In any event, a willful failure to post would not be conclusive proof of unlawful motive, but merely evidence that could be considered, along with other evidence, in determining whether the general counsel had demonstrated unlawful motive.[166] Likewise, contrary to the contentions of ALFA and AHCA, the Board will not assume that any failure to post the notice is intentional and meant to prevent employees of learning their rights.

D. Other Comments

The Board received many comments asserting that if the proposed enforcement scheme for failure to post the required notice is adopted, union adherents will tear down the notices in order to harass employers and, particularly, to vitiate 10(b).[167] These comments express the concern that tolling the 10(b) period will lead to a flood of unfair labor practice charges, and that, to avoid that eventuality, employers will have to incur significant costs of policing the postings and/or installing expensive tamper-proof bulletin boards.[168] In the absence of experience with such postings, the Board deems these concerns speculative at this time. If particular employers experience such difficulties, the Board will deal with them on a case-by-case basis. However, as explained above, tolling is an equitable matter, and if an employer has posted the notice and taken reasonable steps to insure that it remains posted, it is unlikely that the Board would find tolling appropriate.

California Chamber and NCAE ask the Board to specify the "additional remedies" that may be imposed in the event of a notice posting violation. 104.213(a). The Board has broad discretion in crafting remedies for violations of the NLRA. *NLRB* v. *Seven-Up Bottling Co. of Miami,* 344 U.S. 344, 346 (1953). The remedies imposed in a given case depend on the nature of the violations and the particular facts in the case. The Board declines to speculate as to every possible remedy that might be imposed in every imaginable set of circumstances.

Several comments protest that employers could be fined for failing to post the notice; several others contend that the Board should levy fines instead of imposing the proposed remedies. The

[162] One example could be an employer that believes that it is subject to the Railway Labor Act and not to the NLRA.

[163] This is so in other areas of NLRA law. For example, an employer who coercively interrogates or disciplines an individual concerning his or her union activities violates the NLRA if the individual is a statutory employee, even though the employer may have honestly believed that the individual was a statutory supervisor and not protected by the NLRA. Also, absent compelling economic circumstances, an employer that is testing the Board's certification of a newly-selected union in the court of appeals makes unilateral changes in unit employees' terms and conditions of employment at its peril; if the court affirms the certification, the unilateral changes violate NLRA Section 8(a)(5) even if the employer believed in good faith that the certification was inappropriate. *Mike O'Connor Chevrolet,* 209 NLRB 701, 703 (1974), enf. denied on other grounds 512 F.2d 684 (8th Cir. 1975).

[164] *See also* comment of American Health Care Association (AHCA).

[165] *See, e.g.,* comments of FMI and COLLE.

[166] The Georgetown law students ask whether, if failure to post the notice may be found to be an unfair labor practice and also may be considered evidence of antiunion animus, such a failure could "satisfy an element of its own violation." The answer is no, because the failure to post, whether knowing or inadvertent, would be an unfair labor practice regardless of motive; knowing and willful failure to post would be relevant only in cases such as those alleging unlawful discipline, discharge, or refusal to hire, in which motive is an element of the violation.

[167] *See, e.g.,* comments of Lemon Grove Care & Rehabilitation, numerous "postcard" comments.

[168] One comment asserts that because of the potential for tolling the 10(b) period, "businesses * * * will have to keep records forever[.]" The Board finds no merit in this contention. Employers that are aware of the rule can avoid keeping records "forever" simply by posting the notice. Employers that are not aware of the requirement to post the notice would also be unaware of the possibility of tolling the 10(b) period in the event of a failure to post, and thus would discern no reason to—and probably would not—keep records "forever." Prejudice to the employer because of long-lost records would be considered by the Board in determining whether tolling is appropriate in the particular case.

Another comment complains that "the requirement of proof on the employer to 'certify' that this posting is up each day is burdensome[.]" There is no such requirement.

Board rejects both contentions because, as explained in the NPRM, the Board does not have the authority to impose fines. 75 FR 80414, citing *Republic Steel Corp.* v. *NLRB,* 311 U.S. 7, 10–12 (1940). Another comment argues that the Board should not provide remedies for failing to post the notice because such remedies are not provided under other statutes. In fact, both remedies and sanctions are imposed under some statutes; *see, e.g.,* 29 CFR 1601.30 (fine of $110 per offense for failing to post notice under Title VII); 29 CFR 825.300(a)(1) (same sanction for failing to post notice under FMLA); cases cited above for tolling of limitation periods for failing to post notices under several statutes.

One comment contends that the proposed remedies were proposed solely as means of deterring failures to post the notices, and are therefore inappropriate; several other comments assert that the proposed remedies are punitive.[169] Although the Board disagrees, there is language in the NPRM that may have inadvertently suggested that the enforcement mechanisms were proposed solely for deterrent purposes. The Board wishes to correct any such misimpression. As stated above, in explaining why it was proposing those mechanisms, the Board stated in its NPRM that it was "mindful of the need to identify effective incentives for compliance." 75 FR 80413. Later, referring to tolling the 10(b) period and considering a willful failure to post the notice as evidence of unlawful motive, the Board said that it "proposes the following options intended to induce compliance with the notice-posting requirement." *Id.* at 80414. However, the Board made those statements while explaining why it had determined not to rely entirely on employers' voluntary compliance with the rule. (The Board had had little success in persuading employers to voluntarily post notices of employee rights during the critical period leading up to a representation election.) *Id.* By noting that the proposed enforcement scheme would have some deterrent effect in that context, the Board did not mean to imply that it was proposing those measures solely for deterrence purposes. For the reasons discussed at length above, the Board has found that finding a failure to post the notices to violate Section 8(a)(1) and, in appropriate circumstances, to warrant tolling the 10(b) period and/or inferring unlawful motive in an unfair labor practice case are legitimate remedial measures supported by extensive Board and court precedent.

In addition, in a number of places the NPRM used the term "sanctions" in a very loose sense to refer to aspects of the proposed enforcement scheme, inadvertently suggesting that this scheme was punitive. The term "sanctions" was an inapt choice of descriptor for the enforcement scheme: the classic 8(a)(1) remedial order has long been upheld as nonpunitive; equitable tolling is concerned with fairness to employees, not punishment of misconduct, and is fully consistent with current Board doctrine; and the animus provision is little more than the common-sense extension of well-established evidentiary principles that apply to many other NLRA violations, and is also not designed to punish employers. That they may also furnish incentives for employers to comply with the notice-posting rule does not detract from their legitimacy; if it were otherwise, the Board could never impose any remedy for violations of the NLRA if the remedy had a deterrent effect. In any event, the Board hereby disavows any suggestion from statements in the NPRM that the remedial measures were proposed solely as penalties.

Contrary to the tenor of numerous comments opposing this rule,[170] the Board is not issuing the rule in order to entrap unwary employers and make operations more difficult for them because of inadvertent or technical violations. It is doing so in order that employees may come to understand their NLRA rights through exposure to notices posted in their workplaces explaining those rights. Accordingly, the important thing is that the notices be posted. As explained above, an employer that fails to post the notice because it is unaware of the rule, but promptly posts the notice when the rule is brought to its attention, will nearly always avoid any further proceedings. Similarly, an employer that posts the notice but fails initially to comply with one of the technical posting requirements will almost always avoid further problems by correcting the error when it is called to the employer's attention. And if an employer is unsure of what the rule requires in a particular setting, it can seek and receive guidance from the Board.

The Service Employees International Union and the United Food and Commercial Workers propose that, in addition to the proposed enforcement scheme, the rule state that an employer's knowing failure to post the notice of employee rights during the critical period before a representation election shall be grounds for setting the election aside on the filing of proper objections. The Board finds that this is unnecessary, because the Board's notice of election, which must be posted by an employer three working days before an election takes place, contains a summary of employee NLRA rights and a list of several kinds of unfair labor practices, and failure to post that notice already constitutes grounds for setting an election aside.[171] In any event, during a union organizing campaign, the union can instruct members of its in-plant organizing committee to verify whether the notice required under this rule has been posted; if it has not, the union can so inform the employer and, if need be, the Board's regional office.

Subpart C—Ancillary Matters

Several technical issues unrelated to those discussed in the two previous subparts are set out in this subpart.

IV. Dissenting View of Member Brian E. Hayes

"Agencies may play the sorcerer's apprentice but not the sorcerer himself."[172]

Today, my colleagues conjure up a new unfair labor practice based on a new statutory obligation. They impose on as many as six million private employers the obligation to post a notice of employee rights and selected illustrative unfair labor practices. The obligation to post is deemed enforceable through Section 8(a)(1)'s proscription of interference with employees' Section 7 rights, and the failure to post is further penalized by equitable tolling of Section 10(b)'s limitations period and the possible inference of discriminatory motivation for adverse employment actions taken in the absence of posting. While the need for a more informed constituency might be a desirable goal, it is attainable only with Congressional imprimatur. The Board's rulemaking authority, broad as it is, does not encompass the authority to promulgate a rule of this kind. Even if it did, the action taken here is arbitrary and capricious, and therefore invalid, because it is not based on substantial evidence and it lacks a reasoned analysis.

[169] *See, e.g.,* comments of FMI, ALFA, AHCA.

[170] For example, "This seems to be yet another trap for the employers. Another avenue to subject them to law suits and interrogations, and uneconomic activities and ungodly expenditures."

[171] *See* Section 103.20 of the Board's Rules and Regulations.

[172] *Alexander* v. *Sandoval,* 532 U.S. 275, 291 (2001).

No Statutory Authority for the Proposed Rule

The majority concedes that the "National Labor Relations Act does not directly address an employer's obligation to post a notice of its employees' rights arising under the Act or the consequences an employer may face for failing to do so." In fact, the NLRA [173] makes no mention of any such putative obligation. The majority further acknowledges that the NLRA "is almost unique among major Federal labor laws in not including an express statutory provision requiring employers routinely to post notices at their workplaces informing employees of their statutory rights." Despite the obvious import of these admissions, the majority concludes that the Board's plenary authority under Section 6 of the Act to make rules "necessary to carry out the provisions of the Act" permits promulgation of the rule they advocate. I disagree.

Congress did not give specific statutory authority to the Board to require the posting of a general rights notice when it passed the Wagner Act in 1935. Just one year earlier, however, Congress amended the Railway Labor Act ("RLA") to include an express notice-posting requirement. 45 U.S.C. 152 Eighth; Pub. L. No. 73–442, 48 Stat. 1185, 1188 (1934). As the Supreme Court noted, the RLA served as the model for the National Labor Relations Act. *NLRB* v. *Pennsylvania Greyhound Lines,* 303 U.S. 261 (1938). See also *NLRB* v. *Jones & Laughlin Steel Corp.,* 301 U.S. 1, 44 (1937); *H. J. Heinz Co.* v. *NLRB,* 311 U.S. 514, 524–525(1941).

That Congress did not include an express notice-posting requirement when passing the Wagner Act the following year strongly implies, if not compels, the conclusion that Congress did not intend for the Board to have regulatory authority to require such a notice. Nothing in the legislative history hints of any concern by Congress about the need for employers to notify employees generally of their rights under the new enacting statute. Since 1935, despite extensive revisions in the Taft-Hartley Act amendments of 1947 and the Landrum-Griffin Act amendments of 1959, Congress has never added such authority.

On the other hand, when Congress has subsequently desired to include a general rights notice-posting requirement, it has done so expressly in other federal labor and employment laws. See Title VII of the Civil Rights Act of 1964 (Title VII), 42 U.S.C. 2000e–10, the Age Discrimination in Employment Act (ADEA), 29 U.S.C. 627, The Occupational Safety and Health Act, 29 U.S.C. 657(c), the Americans with Disabilities Act (ADA), 42 U.S.C. 12115, the Family and Medical Leave Act (FMLA), 29 U.S.C. 2619(a), and the Uniformed Service Employment and Reemployment Rights Act (USERRA), 38 U.S.C. 4334(a).

The majority points out that the Department of Labor (DOL) promulgated a notice-posting rule under the Fair Labor Standards Act (FLSA), although that statute does not contain a specific statutory provision on workplace postings. However, the FLSA, unlike the NLRA, imposes a data-collection and recordkeeping requirement on employers. 29 U.S.C. 211(c). DOL's Wage and Hour Administrator promulgated the notice-posting regulation in 1949 in reliance on this requirement. It appears that the propriety of the FLSA rule has never been challenged, perhaps because, unlike the rule promulgated herein, there are no citations or penalties assessed for the failure to post. This is a significant point of distinction that warrants further discussion.

It must be constantly borne in mind that the rule promulgated today makes the failure to post the required notice a violation of the Act. The majority misleadingly seeks to decouple obligation from violation in its analysis by discussing the latter in the context of enforcement of the assertedly lawful notice-posting rule. That is nonsense. Making noncompliance an unfair labor practice is integral to the rule and, consequently, integral to an analysis of whether the notice-posting requirement is a permissible exercise of the Board's rulemaking authority. Of the aforementioned agencies that have notice-posting requirements, none of them makes the failure to post unlawful, absent additional specific statutory authorization. Only the RLA, Title VII, FMLA, and the Occupational Safety Act (OSHA) have such authorizing language. ADA, the ADEA, the FLSA, and the USERRA do not. Consequently, an employer's failure to post a notice under those statutes is not subject to sanction as unlawful.

Thus, both before and after the Wagner Act, Congress has consistently manifested by express statutory language its intent to impose a general notice-posting duty on employers with respect to the rights of employees under various federal labor laws. Only one administrative agency promulgated a notice-posting requirement in the absence of such language in its enabling statute. No agency has made the failure to comply with a notice-posting requirement unlawful absent express statutory authorization, until today.

The explicit inclusion of notice-posting provisions and permissible sanctions by Congress in other labor legislation undercuts the majority's claim that this notice-posting rule is not a "major policy decision properly made by Congress alone." Strangely, the majority does not merely contend that this pattern in comparable labor legislation fails to prove that Congress did not intend that the Board should have the rulemaking authority under Section 6 to mandate the notice posting at issue here. They conversely contend that it proves Congress must have intended to confer such authority on the Board! [174]

Perhaps cognizant of the weakness of this position, the majority attempts to downplay the import of Congressional silence on the Board's authority to mandate notice posting and to enforce that mandate through unfair labor practice sanctions. They cite *Cheney R.R. Co.* v. *ICC,* 902 F. 2d 66, 68–69 (D.C. Cir. 1990), for the proposition that the maxim "expressio unius est exclusio alterius," which holds that the special mention of one thing indicates an intent for another thing not be included elsewhere, may not always be a useful tool for interpreting the intent of Congress. Obviously, the usefulness of this tool depends on the context of a particular statute. *Independent Ins. Agents of Am., Inc.* v. *Hawke,* 211 F.3d 638 (D.C. Cir. 2000) (applying the maxim). In my view, the absence of an express notice provision in the NLRA, and the failure to amend the Act to include one when Congress expressly included notice posting provisions in other labor statutes, shows that it did not intend to authorize the Board to promulgate this rule.[175]

Arguing to the contrary, the majority asserts that the notice-posting rule is

[173] Throughout this dissent, I will refer generally to the statute we administer as the NLRA, unless the discussion focuses on a specific historical version, such as the Wagner Act.

[174] Of course, this reasoning would seem to dictate that the failure of the Board to inform its own employees of their general rights under the Federal Labor Relations Act is an unfair labor practice, even though that statute imposes no such express requirement. To date, I am not aware that this agency, or any other, views itself as subject to such an enforceable obligation.

[175] The majority contends that the fact that the rule comes 76 years after the NLRA was enacted is not a "condition of validity." *Mayo Foundation for Medical Education and Research* v. *United States,* 131 S.Ct. 704, 713–14 (2011) (quoting *Smiley* v. *Citibank (S.D.), N.A.,* 517 U.S. 735, 740 (1996) ("neither antiquity nor contemporaneity with the statute is a condition of validity."). I have no problem with that proposition, but if the Board lacks statutory authority to promulgate a rule, it is of no matter that it attempts to do so in year 1 or year 76 of its existence.

entitled to deference under the analysis set forth in *Chevron U.S.A. Inc.* v. *Natural Resources Defense Council, Inc.,* 467 U.S. 837 (1984). Under *Chevron,* where Congress has not ''directly addressed the precise question at issue,'' *id.* at 842–843, that rulemaking authority may be used in order ''to fill any gap left, implicitly or explicitly, by Congress.'' *Id.* at 843.

Even assuming that the absence of an explicit posting requirement in the NLRA is not interpreted as clear expression of Congressional intent, the majority fails to persuade that Congress delegated authority in Section 6 of the NLRA for the Board to fill a putative statutory gap by promulgating a rule that an employer commits an unfair labor practice by failing to affirmative notify its employees of their rights under the NLRA. As the Supreme Court has explained, ''the ultimate question is whether Congress would have intended, and expected, courts to treat [the regulation] as within, or outside, its delegation to the agency of 'gap-filling' authority.'' *Long Island Care at Home, Ltd.* v. *Coke,* 551 U.S. 158, 173 (2007).

There is no doubt that there are many gaps and ambiguities in the NLRA that Congress intended for the Board to address, using its labor expertise, either through adjudication or rulemaking. However, the existence of ambiguity in a statute is not enough per se to warrant deference to the agency's interpretation of its authority in every respect. The ambiguity must be such as to make it appear that Congress either explicitly or implicitly delegated authority to cure that ambiguity. *Am. Bar Ass'n* v. *FTC,* 430 F.3d 457, 469 (D.C. Cir. 2005); *Motion Picture Ass'n of America, Inc.* v. *FCC,* 309 F. 3d 796, 801 (D.C. Cir. 2002) (''*MPAA* '') (''agency's interpretation of [a] statute is not entitled to deference absent a delegation of authority from Congress to regulate in the areas at issue.'').

Thus, even when an administrative agency seeks to address what it believes is a serious interpretive problem, the Supreme Court has said that the agency ''may not exercise its authority 'in a manner that is inconsistent with the administrative structure that Congress enacted into law.' '' *FDA* v. *Brown & Williamson Tobacco Corp.,* 529 U.S. 120, 125(2000) (quoting *ETSI Pipeline Project* v. *Missouri,* 484 U.S. 495, 517(1988)). Further, the statute at issue must be considered as a ''symmetrical and coherent regulatory scheme.'' *Gustafson* v. *Alloyd Co.,* 513 U.S. 561, 569, 115 S.Ct. 1061, 131 L.Ed.2d 1 (1995). In our case, the exercise of rulemaking authority under Section 6 is not self-effectuating; it must be shown to relate reasonably to some other provision as part of the overall statutory scheme contemplated by Congress.[176]

Nothing in the text or the regulatory structure of the NLRA suggests that the Board has the authority to promulgate the notice-posting rule at issue in order to address a gap in the statutory scheme for resolving questions concerning representation through Section 9, or in preventing, through Sections 8 and 10, specifically enumerated unfair labor practices that adversely affect employees' Section 7 rights. On the contrary, it is well-established that the Board lacks independent authority to initiate or to solicit the initiation of representation and unfair labor practice proceedings, and Section 10(a) limits the Board's powers to preventing only the unfair labor practices listed in Section 8 of the Act. Yet the majority asserts that it may exceed these limitations by requiring employers to post a notice of employee rights and illustrative unfair labor practices at all times, regardless of whether a petition had been filed or an employer has been found to have committed an unfair labor practice.

The majority's reliance on a combination of Section 7, 8, and 10 warrants special mention. They reason that an employer interferes with Section 7 rights in general, and thereby violates Section 8(a)(1), by failing to give continuous notice to employees of those rights. It may be a truism that an employee must be aware of his rights in order to exercise them, but it does not follow that it is the employer under our statutory scheme who must provide enlightenment or else incur liability for violating those rights. The new unfair labor practice created by the rule bears no reasonable relation to any unfair labor practice in the NLRA's pre-existing enforcement scheme developed over seven decades.[177] It certainly bears no relation to the few examples the majority can muster in Board precedent. The only instance with even a passing resemblance to the rights notice-posting requirement here is the requirement that a union give notice of *Beck*[178] and *General Motors*[179] rights. However, the failure to give such a notice is not per se unlawful. It becomes an unfair labor practice only when a union, without giving notice, takes the affirmative action of seeking to obligate an employee to pay fees and dues under a union-security clause.[180] Beyond that, a union has no general obligation to give employees notice of their *Beck* and *General Motors* rights; much less does it violate the NLRA by failing to do so. By contrast, the rule promulgated today imposes a continuing obligation on employers to post notice of employees' general rights and, even absent any affirmative act involving those rights, makes the failure to maintain such notice unlawful.[181]

Unlike my colleagues, I find that the Supreme Court's opinion in *Local 357, Teamsters* v. *NLRB,* 365 U.S. 667 (1961), speaks directly to this point. In that case, the Board found a hiring hall agreement unlawfully discriminatory per se because, even though it included an express anti-discrimination

[176] *See, e.g., Mourning* v. *Family Publications Service, Inc.,* 411 U.S. 356, (1973) Unlike here, the Federal Reserve Board easily met this standard in *Mourning* when issuing a disclosure regulation under the Truth in Lending Act, even though that Act did not explicitly require lenders to make such disclosures. In sustaining the regulation, the Court found the regulation to be within the Federal Reserve's rulemaking authority and, in light of the legislative history, the disclosure requirement was not contrary to the statute. ''The crucial distinction, * * * [was that] the disclosure requirement was in fact enforced through the statute's pre-existing remedial scheme and in a manner consistent with it.'' *Ragsdale* v. *Wolverine World Wide, Inc.,* 535 U.S. 81, 94 (2002).

[177] The Senate report on the Wagner bill stressed that unfair labor practices were ''strictly limited to those enumerated in section 8. This is made clear by paragraph 8 of section 2, which provides that 'The term 'unfair labor practice' means unfair labor practice listed in Section 8,'' and by Section 10(a) empowering the Board to prevent any unfair labor practice ''listed in Section 8.'' Thus, ''[n]either the National Labor Relations Board nor the courts are given any blanket authority to prohibit whatever labor practices that in their judgment are deemed to be unfair.'' S. Rep. No. 573, 74th Cong., 1st Sess. 17 (1935) at 8–9 reprinted in *Legislative History of the National Labor Relations Act of 1935, Vol. II* at 2307–2308 (1985).

[178] *Communications Workers* v. *Beck,* 487 U.S. 735 (1988).

[179] *NLRB* v. *General Motors,* 373 U.S. 734 (1963).

[180] *California Saw & Knife Works,* 320 NLRB 224, 233 (1995).

[181] None of the FMLA cases cited by the majority support finding that a failure to post a general notice of employee rights under the NLRA is unlawful. In *Bachelder,* the Ninth Circuit actually found ''unavailing'' the employer's argument that it had satisfied all its specific FMLA notice obligations because it had complied with the FMLA's general posting rule. *Id.* at 1127, fn. 5. Rather, the court found that because the employer failed to ''notify'' an employee which of the four FMLA's ''leave year'' calculation methods it had chosen, the employer ''interfered'' with that employee's rights and, therefore, improperly used the employee's FMLA covered absences as a ''negative factor'' when taking the affirmative adverse action of discharging her.

Similarly, in neither *Greenwell* v. *Charles Machine Works, Inc.,* 2011 WL 1458565 (W.D.Okla., 2011); *Smith* v. *Westchester County,* 769 F. Supp 2d 448 (S.D.N.Y. 2011), was the FMLA general posting requirement at issue. *Smith* did not involve a notice issue and *Greenwell* involved the employer's failure to comply with a different notification obligation under the FMLA.

In any event, as previously stated, FMLA expressly provides that employers give notice to employees of rights thereunder and expressly provides for sanctions if notice is not given. The NLRA does neither.

provision, it did not include two additional provisions that the Board declared were necessary to prevent ''unlawful encouragement of union membership.'' The Court disagreed, stating

> Perhaps the conditions which the Board attaches to hiring-hall arrangements will in time appeal to the Congress. Yet, where Congress has adopted a selective system for dealing with evils, the Board is confined to that system. *National Labor Relations Board* v. *Drivers, etc. Local Union,* 362 U.S. 274, 284–290, 80 S.Ct. 706, 712–715, 4 L.Ed.2d 710. Where, as here, Congress has aimed its sanctions only at specific discriminatory practices, the Board cannot go farther and establish a broader, more pervasive regulatory scheme.[182]

Congress in Section 8(a)(1) aimed its sanctions only at employer actions that interfere with the exercise of Section 7 rights. By this rulemaking, my colleagues go farther and establish a broader, more pervasive regulatory scheme that targets employer inaction, or silence, as unlawful interference. As *Local 357* instructs, they lack the authority to do this.[183]

American Hospital Association v. *NLRB,* 499 U.S. 606 (1991) (*AHA*), upon which the majority heavily relies, illustrates a valid exercise of authority under Section 6. In *AHA,* the Supreme Court unanimously upheld the Board's health care unit rule, finding that Section 6's general grant of rulemaking authority ''was unquestionably sufficient to authorize the rule *at issue in this case* unless limited by some other provision in the Act.'' *Id.* at 609–10 (emphasis added). The Court further found that the rule was clearly consistent with authority under Section 9(b) to make appropriate bargaining unit determinations. It specifically rejected the argument that language in 9(b) directing the Board to decide the appropriate bargaining unit ''in each case'' limited its authority to define appropriate units by rulemaking.

Congress expressly authorized the Board in Section 9(b) to determine appropriate bargaining units and the Board exercised its rulemaking authority to promulgate a rule ''necessary to carry out'' Section 9(b). In contrast, as previously stated, there is no reasonable basis for finding that a rule making it unlawful for employers to fail to post and maintain a notice of employee rights and selected illustrative unfair labor practices is necessary to carry out any substantive section of the NLRA. Nevertheless, the majority construes *AHA* as an endorsement of deference to the exercise of Section 6 rulemaking authority whenever Congress did not expressly limit this authority. This is patently incorrect. ''To suggest, as the [majority] effectively does, that *Chevron* deference is required any time a statute does not expressly negate the existence of a claimed administrative power * * *, is both flatly unfaithful to the principles of administrative law * * * and refuted by precedent.'' *Railway Labor Executives' Ass'n* v. *National Mediation Bd.,* 29 F.3d 655, 671 (D.C.Cir.1994) (citation omitted). Were courts ''to presume a delegation of power absent an express withholding of such power, agencies would enjoy virtually limitless hegemony, a result plainly out of keeping with *Chevron* and quite likely with the Constitution as well.'' *Id.*

In sum, the majority's notice rule does not address a gap that Congress delegated authority to the Board to fill, whether by rulemaking or adjudication. The Supreme Court has made clear that ''[w]here Congress has in the statute given the Board a question to answer, the courts will give respect to that answer; but they must be sure the question has been asked.'' *NLRB* v. *Insurance Agents' Int'l Union,* 361 U.S. 419, 432–433 (1960). The Supreme Court also has made clear: ''[Congress] does not * * * hide elephants in mouseholes.'' *Whitman* v. *American Trucking Associations,* 531 U.S. 457, 468 (2001).

My colleagues' action here is markedly like the Federal Trade Commission (FTC) regulation rejected as ultra vires by the court of appeals in *Am. Bar Ass'n* v. *FTC, supra.* The FTC issued a ruling that attorneys engaged in certain practices were financial institutions subject to the privacy provision of the Gramm-Leach-Bliley Act (GBLA). Upon review of the detailed statutory scheme at issue, the court found it ''difficult to believe that Congress, by any remaining ambiguity, intended to undertake the regulation [of a subject] * * * and never mentioned [it] in the statute.'' 430 F.3d at 469. The court further opined that to find the FTC's interpretation to be ''deference-worthy, we would have to conclude that Congress not only had hidden a rather large elephant in a rather obscure mousehole, but had buried the ambiguity in which the pachyderm lurks beneath an incredibly deep mound of specificity, none of which bears the footprints of the beast or any indication that Congress even suspected its presence.'' *Id.* No such conclusion was possible in that case. No such conclusion is possible here. Quite simply, the Board lacks statutory authority to promulgate a rule that imposes a new obligation on employers and creates a new unfair labor practice to enforce it.

The Rule Is Arbitrary and Capricious

Even if the Board arguably has rulemaking authority in this area, deference is unwarranted under *Chevron* and the Administrative Procedure Act if the rule promulgated is ''arbitrary or capricious in substance, or manifestly contrary to the statute.'' *United States* v. *Mead Corp.,* 533 U.S. 218, 227 (2001). Also *see AHA,* 499 U.S. at 618–20 (applying arbitrary and capricious standard in its consideration of the Board's rule on acute care hospital bargaining units). ''Normally, an agency rule would be arbitrary and capricious if the agency has relied on factors which Congress has not intended it to consider, entirely failed to consider an important aspect of the problem, offered an explanation for its decision that runs counter to the evidence before the agency, or is so implausible that it could not be ascribed to a difference in view or the product of agency expertise.'' *Motor Vehicle Mfg. Ass'n of the U.S., Inc.* v. *State Farm Mut. Auto. Ins. Co.,* 463 U.S. 29, 43 (1983). ''[T]he agency must examine the relevant data and articulate a satisfactory explanation for its action including a 'rational connection between the facts found and the choice made.' '' *Id.* (quoting *Burlington Truck Lines* v. *United States,* 371 U.S. 156, 168 (1962)). *See also Business Roundtable et al.* v. *S.E.C.,*— F.3d—, 2011 WL 2936808 (D.C. Cir., July 22, 2011) (finding SEC acted arbitrarily and capriciously by relying on insufficient empirical data supporting its rule and by completely discounting contrary studies).

In *AHA,* the Board's health care bargaining units rule was supported by ''the extensive record developed during the rulemaking proceedings, as well as its experience in the adjudication of health care cases during the 13-year period between the enactment of the health care amendments and its notice of proposed rulemaking.'' *AHA,* 499 U.S. at 618. The Supreme Court upheld the validity of the rule finding it ''based on substantial evidence and supported by a ''reasoned analysis.'' *Id.* at 619 (citing *Motor Vehicle Mfrs. Ass.,* 463 U.S. at 57).

By contrast, the majority's articulation of the need to mandate that employers violate Section 8(a)(1) unless they post a notice of employee rights is not based

[182] 365 U.S. at 676.

[183] My colleagues attempt to distinguish *Local 357* as limited to an interpretation of Sec. 8(a)(3) and 8(b)(2)'s prohibition of discriminatory practices. That may have been the issue before the Court, but I do not view the quoted rationale as so limited.

on substantial evidence, nor does it provide a satisfactory explanation for the choice they have made. They contend that a mandatory notice posting rule enforceable through Section 8(a)(1) is needed because they believe that most employees are unaware of their NLRA rights and therefore cannot effectively exercise those rights. This belief is based on: (1) Some studies indicating that employees and high school students about to enter the work force are generally uninformed about labor law; (2) an influx of immigrants in the labor force who are presumably also uninformed about labor law; (3) the current low and declining percentage of union-represented employees in the private sector, which presumably means that unions are less likely to be a source of information about employee rights; and (4) the absence of any general legal requirement that employers or anyone else inform employees about their NLRA rights. 75 FR 80411.

Neither the Notice of Proposed Rulemaking nor today's notice summarizing comments in response to that notice come anywhere close to providing a substantial factual basis supporting the belief that most employees are unaware of their NLRA rights. As for the lack of high school education on this subject, we have only a few localized studies cited in a 1995 journal article by a union attorney.[184] With respect to the assumption that immigrants entering the work force, we have even less, only anecdotal accounts. For that matter, beyond the cited journal article, almost all supposed factual support for the premise that employees are generally unaware of their rights comes in comments received from individuals, union organizers, attorneys representing unions, and immigrant rights and worker assistance organizations agreeing, based on professed personal experience, that most employees (obviously not including most of the employee commenters) are unfamiliar with their NLRA rights. There are, as well, anecdotal accounts and comments from employers, employer associations and management attorneys to the opposite effect that the employees know about their rights under the Act, but my colleagues find these less persuasive.

In any event, the partisan opinions and perceptions, although worthy of consideration, ultimately fail as substantial evidence supporting the Board majority's initial premise for proposing the rule. There remains the Board's conclusion that the decline in union density provides the missing factual support. The majority explains that there was less need for a posting of information about NLRA rights when the union density was higher because "friends and family who belonged to unions" would be a source of information. This is nothing more than supposition. There is no empirical evidence of a correlation between union density and access to information about employee rights, just as there are no broad-based studies supporting the suppositions about a lack of information stemming from high school curricula or the influx of immigrants in the work force.

At bottom, the inadequacy of the record to support my colleagues' factual premise is of no matter to them. In response to comments contending that the articles and studies they cite are old and inadequately supported, they glibly respond that the commenters "cite no more recent or better supported studies to the contrary," as if opponents of the proposed rule bear that burden. Of course, it is the agency's responsibility to make factual findings that support its decision and those findings must be supported by substantial evidence that must examine the relevant data and articulate a satisfactory explanation for its action. *Burlington Truck Lines,* 371 U.S. at 167.

Even more telling is the majority's footnote observation that there is no real need to conduct a study of the extent of employees' knowledge of NLRA rights because the notice posting rule would be justified even if only 10 percent of the workforce lacked such knowledge. This statement betrays the entire factual premise upon which the rulemaking initiative was purportedly founded and reveals a predisposition to issue the rule regardless of the facts. This is patently "arbitrary and capricious."

Even assuming, if we must, that there is some factual basis for a concern that employees lack sufficient information about their NLRA rights, the majority also fails to provide a rational explanation for why that concern dictates their choice made to address that concern. Why, for instance, was a noncompulsory information system, primarily reliant on personal union communications, sufficient when the Wagner Act was passed, but not now? The union density levels for 1935 and today are roughly the same.[185] Why at a time when the Board champions its new Web site and the Acting General Counsel continues to encourage the regional outreach programs initiated by his predecessor, do my colleagues so readily dismiss the Board's role in providing information about rights under the statute we administer? For that matter, why are the numerous employee, labor organizer, and worker advocacy groups whose comments profess awareness of these rights unable to communicate this information to those who they know lack such awareness? Is the problem one of access or message? Would a reversal of the union density trend or an increase in petition and charge filings be the only reliable indicators of increased awareness?

I would think that a reasoned explanation for the choice of a sweeping rule making it unlawful for employers to fail to post and maintain notice of employee rights would at least include some discussion of these questions and attempt to marshal more than a fragmented and inconclusive factual record to support their choice. The majority fails to do so. Their rule is patently arbitrary and capricious.

Executive Order 13496

The majority mentions in passing Executive Order 13496[186] and the DOL implementing regulation[187] mandating that Federal contractors post a notice to employees of NLRA rights that is in most respects identical to the notice at issue here. Their consideration of this administrative action should have led them to the understanding that they lack the authority to do what the President and DOL clearly could do to advance essentially the same policy choice.

The authority to require that contractors agree to post an NLRA employee rights notice as part of doing business with the Federal government comes both from the President's authority as chief executive and the specific grant of Congressional authority in the Federal Property and Administrative Services Act, 40 U.S.C. 101 *et seq.* There was no need or attempt to justify the promulgation of the notice-posting rule by relying on evidence that employees lacked knowledge of their rights. Moreover, in

[184] Peter D. DeChiara, "*The Right to Know: An Argument for Informing Employees of Their Rights under the National Labor Relations Act,*" 32 Harv. J. on Legis. 431, at 436 and fn. 28 (1995).

In the Notice of Proposed Rulemaking, the majority also relied on two articles by Professor Charles J. Morris, a co-petitioner for notice-posting rulemaking: "*Renaissance at the NLRB—Opportunity and Prospect for Non-Legislative Procedural Reform at the Labor Board,*" 23 Stetson L. Rev. 101, 107 (1993); and "*NLRB Protection in the Nonunion Workplace: A Glimpse at a General Theory of Section 7 Conduct,*" 137 U. Pa. L. Rev. 1673, 1675–1676 (1989). Professor Morris did not refer to any specific evidence supporting a belief that employees lack knowledge of their rights.

[185] Mayer, Gerald, "Union Membership Trends in the United States" (2004). *Federal Publications.* Paper 174, Appendix A. *http://digitalcommons.ilr.cornell.edu/key_workplace/.*

[186] 74 FR 6107 (Feb. 4, 2009).

[187] 75 FR 28368 (May 20, 2011).

the notice of a final rule, DOL rejected commenters' contentions that the Executive Order and implementing regulation were preempted by the Board's jurisdiction under the *Garmon* doctrine.[188] Necessarily, this meant that DOL believed that the rule requiring federal contractors to post the employee rights notice did not involve any rights protected by Section 7 of the Act, such as a right to receive such information from their employer, or conduct prohibited by the Act, such as the employer's failure to provide such information.

Not only does my colleagues' rulemaking action today contradict DOL's preemption analysis, but its flaws are manifest in comparison to the DOL's rule and the authority enabling it.

Conclusion[189]

Surely, no one can seriously believe that today's rule is primarily intended to inform employees of their Section 7 right to refrain from or to oppose organizational activities, collective bargaining, and union representation. My colleagues seek through promulgation of this rule to reverse the steady downward trend in union density among private sector employees in the non-agricultural American workforce. Theirs is a policy choice which they purport to effectuate with the force of law on several fronts in rulemaking and in case-by-case adjudication. In this instance, their action in declaring that employers violate the law by failing to inform employees of their Section 7 rights is both unauthorized and arbitrary and capricious. Regardless of the arguable merits of their policy choice or the broad scope of *Chevron* deference and the Board's rulemaking authority, I am confident that a reviewing court will soon rescue the Board from itself and restore the law to where it was before the sorcerer's apprentice sent it askew.

V. Regulatory Procedures

A. Regulatory Flexibility Act

The Regulatory Flexibility Act of 1980 (RFA), 5 U.S.C. 601 *et seq.,* requires agencies promulgating final rules to prepare a final regulatory flexibility analysis and to develop alternatives wherever possible, when drafting regulations that will have a significant impact on a substantial number of small entities. The focus of the RFA is to ensure that agencies "review draft rules to assess and take appropriate account of the potential impact on small businesses, small governmental jurisdictions, and small organizations, as provided by the [RFA]." E.O. 13272, Sec. 1, 67 FR 53461 ("Proper Consideration of Small Entities in Agency Rulemaking"). However, an agency is not required to prepare a final regulatory flexibility analysis for a final rule if the agency head certifies that the rule will not, if promulgated, have a significant economic impact on a substantial number of small entities. 5 U.S.C. 605(b). Based on the analysis below, in which the Board has estimated the financial burdens to employers subject to the NLRA associated with complying with the requirements contained in this final rule, the Board has certified to the Chief Counsel for Advocacy of the Small Business Administration (SBA) that this rule will not have a significant economic impact on a substantial number of small entities.

The primary goal of this rule is notifying employees of their rights under the NLRA. This goal is achieved through the posting of notices by employers subject to the NLRA of the rights of employees under the NLRA. The Board will make the notices available at no cost to employers; there are no information collection, record keeping, or reporting requirements.

The Board estimates that in order to comply with this rule, each employer subject to the NLRA will spend a total of 2 hours during the first year in which the rule is in effect. This includes 30 minutes for the employer to learn where and how to post the required notices, 30 minutes to acquire the notices from the Board or its Web site, and 60 minutes to post them physically and electronically, depending on where and how the employer customarily posts notices to employees. The Board assumes that these activities will be performed by a professional or business worker, who, according to Bureau of Labor Statistics data, earned a total hourly wage of about $32.20 in March 2011, including fringe benefits.[190] The Board then multiplied this figure by 2 hours to estimate the average costs for employers to comply with this rule during the first year in which the rule is in effect. Accordingly, this rule is estimated to impose average costs of $64.40 per employer subject to the NLRA (2 hours × $32.20) during the first year.[191] These costs will decrease dramatically in subsequent years because the only employers affected will be those that did not previously satisfy their posting requirements or that have since expanded their facilities or established new ones. Because the final rule will not require employers to post the notice by email, instant messaging, text messaging, and the like, the cost of compliance should be, if anything, somewhat less than the Board previously estimated.

According to the United States Census Bureau, there were approximately 6 million businesses with employees in 2007. Of those, the SBA estimates that all but about 18,300 were small businesses with fewer than 500 employees.[192] This rule does not apply to employers that do not meet the Board's jurisdictional requirements, but

[188] *San Diego Bldg. Trades Council* v. *Garmon,* 359 U.S. 236, 244 (1959)

[189] Because I find the rule is invalid, I find it unnecessary to comment on the content of the notice or the consequences, other than finding an unfair labor practice, if an employer fails to post the required notice. For the reasons stated in my dissenting opinion in *J. Picini Flooring,* 356 NLRB No. 9 (2010), I also disagree with the rule's requirement that certain employers must also electronically distribute the notice.

[190] Source: U.S. Department of Labor, Bureau of Labor Statistics, "Economic News Release," Table B–8, June 3, 2011 (available at *http://www.bls.gov*). (The Board is administratively informed that BLS estimates that fringe benefits are approximately equal to 40 percent of hourly wages. Thus, to calculate total average hourly earnings, BLS multiplies average hourly wages by 1.4. In March, 2011, average hourly wages for professional and business workers were $23.00. Table B–8. Accordingly, the Board multiplied that number by 1.4 to arrive at its estimate of $32.20 average hourly earnings, including fringe benefits.) In the NPRM, the Board estimated hourly earnings of $31.02, based on BLS data from January 2009. 75 FR 80415. The estimate has been updated to reflect increases in hourly earnings since that time. Those increases have been relatively minor, and do not affect the Board's conclusion that the economic impact of the rule will not be significant; see discussion below.

[191] The National Roofing Contractors Association asserts (without support) that "federal agencies have a notoriously poor track record in estimating the costs of new regulations on businesses"; it therefore predicts that "the actual cost for many employers could be considerably higher." The Board recognizes that some employers, generally firms with extensive and/or multiple facilities, may incur initial compliance costs in excess of the Board's estimate. For example, a company with multiple locations may require more than 30 minutes to physically post the notices on all of its various bulletin boards. The Board's estimate, however, is an average for all employers; many small employers, especially those with only one facility and/or limited electronic communication with employees, may incur lower compliance costs.

In this regard, however, contrary to numerous comments, such as that of St Mar Enterprises, Inc., the Board does not expect that the rule will be "very burdensome" for businesses with more than one facility. Normally, such firms should have to learn about the rule's requirements and acquire the notices only once, no matter how many facilities are involved. The same should be true for electronic posting: downloading the notice and posting it on an employer's Web site normally should have to be done once for all facilities. Thus, the only additional costs involved for multi-facility firms should be those of physically posting the notices at each facility.

[192] Source: SBA Office of Advocacy estimates based on data from the U.S. Department of Commerce, Bureau of the Census, and trends from the U.S. Department of Labor, Bureau of Labor Statistics, Business Employment Dynamics.

the Board does not have the means to calculate the number of small businesses within the Board's jurisdiction. Accordingly, the Board assumes for purposes of this analysis that the great majority of the nearly 6 million small businesses will be affected, and further that this number is a substantial number within the meaning of 5 U.S.C. 601. However, as discussed below, because the economic impact on those employers is minimal, the Board concludes that, under 5 U.S.C. 605, the final rule will not have a significant economic impact on any small employers.

The RFA does not define "significant economic impact." 5 U.S.C. 601. In the absence of specific definitions, "what is 'significant' * * * will vary depending on the problem that needs to be addressed, the rule's requirements, and the preliminary assessment of the rule's impact." *See A Guide for Government Agencies: How to Comply with the Regulatory Flexibility Act,* Office of Advocacy, U.S. Small Business Administration at 17 (available at *http://www.sba.gov*) (SBA Guide). As to economic impact and whether it is significant, one important indicator is the cost of compliance in relation to revenue of the entity or the percentage of profits affected. *Id.* at 17. More specifically, the criteria to be considered are:

- Whether the rule will lead to *long-term insolvency, i.e.,* regulatory costs that significantly reduce profits;
- Whether the rule will lead to *short-term insolvency, i.e.,* increasing operating expenses or new debt more than cash reserves and cash flow can support, causing nonmarginal firms to close;
- Whether the rule will have *disproportionate effects,* placing small entities at a significant competitive disadvantage; and
- Whether the rule will result in *inefficiency, i.e.,* in social costs to small entities that outweigh the social benefits resulting from the rule. *Id.* at 26.

Applying these standards, the Board concludes that the economic impact of its notice-posting rule on small employers is not significant. The Board has determined that the average cost of complying with the rule in the first year for all employers subject to the NLRA will be $64.40. It is unlikely in the extreme that this minimal cost would lead to either the short- or long-term insolvency of any business entity, or place small employers at a competitive disadvantage. Since this rule applies only to organizations within the NLRB's jurisdictional standards, the smallest employer subject to the rule must have an annual inflow or outflow across state lines of at least $50,000. *Siemons Mailing Service,* 122 NLRB 81 (1959). Given that the Board estimates that this rule will cost, on average, $64.40, the total cost for the smallest affected companies would be an amount equal to less than two-tenths of one percent of that required annual inflow or outflow (.13%). The Board concludes that such a small percentage is highly unlikely to adversely affect a small business.[193] And, in the Board's judgment, the social benefits of employees' (and employers') becoming familiar with employees' NLRA rights far outweigh the minimal costs to employers of posting notices informing employees of those rights.[194]

For all the foregoing reasons, the Board has concluded that the final rule will not have a significant economic impact on a substantial number of small entities. 5 U.S.C. 605.

As discussed in the NPRM, because it assumes that a substantial number of small businesses will be required to comply with the rule, the Board preliminarily considered alternatives that would minimize the impact of the rule, including a tiered approach for small entities with only a few employees. However, as it also explained, the Board rejected those alternatives, concluding that a tiered approach or an exemption for some small entities would substantially undermine the purpose of the rule because so many employers would be exempt under the SBA definitions. Given the very small estimated cost of compliance, it is possible that the burden on a small business of determining whether it fell into a particular tier might exceed the burden of compliance. The Board further pointed out that Congress gave the Board very broad jurisdiction, with no suggestion that it wanted to limit coverage of any part of the NLRA to only larger employers. The Board also believes that employees of small employers have no less need of a Board notice than have employees of larger employers. Finally, the Board's jurisdictional standards mean that very small employers will not be covered by the rule in any case. 75 FR 80416. (A summary of the Board's discretionary jurisdictional standards appears in § 104.204, below.) Thus, although several comments urge that small employers be exempted from the rule, the Board remains persuaded, for the reasons set forth in the NPRM, that such an exemption is unwarranted.[195]

Some comments contend that, in concluding that the proposed rule will not have a significant impact on small employers, the Board understates the rule's actual prospective costs. One comment, from Baker & Daniels LLP, argues that the Board improperly focuses solely on the cost of complying with the rule—*i.e.,* of printing and posting the notice—and ignored the "actual economic impact of the rule's effect and purpose." According to this comment, it is predictable that, as more employees become aware of their NLRA rights, they will file more unfair labor practice charges and elect unions to serve as their collective-bargaining representatives. The comment further asserts that the Board has ignored the "economic realities of unionization," specifically that union wages are inflationary; that unions make business less flexible, less competitive, and less profitable; and that unions cause job loss and stifle economic recovery from recessions. Accordingly, this comment contends that "the Board's RFA certification is invalid, and [that] the Board must prepare an initial regulatory flexibility analysis." Numerous other comments echo similar concerns, but without reference to the RFA.

The Board disagrees with the comment submitted by Baker & Daniels LLP.[196] Section 605(b) of the RFA states that an agency need not prepare an initial regulatory flexibility analysis if the agency head certifies that *the rule*

[193] In reaching this conclusion, the Board believes it is likely that employers that might otherwise be significantly affected even by the low cost of compliance under this rule will not meet the Board's jurisdictional requirements, and consequently those employers will not be subject to this rule.

[194] See further discussion in section II, subsection C, Factual Support for the Rule, above.

[195] Cass County Electric Cooperative says that, after estimating the average cost of compliance, "the NLRB quickly digresses into an attempt to estimate the cost of the proposed rule on only small businesses." The Board responds that in estimating the cost of the rule on small businesses, it was doing what the RFA explicitly requires (and that focusing on small businesses, which comprise more than 99 percent of potentially affected firms, is hardly a "digression"). The comment also asserts that the Board concluded "that the cost of estimating the implementation cost will likely exceed the cost of implementation, and thus is not warranted. At best, this is a poor excuse to justify the rule." This misstates the Board's observation that "Given the very small estimated cost of compliance, it is possible that the burden on a small business of determining whether it fell into a particular tier might exceed the burden of compliance." This observation was one of the reasons why the Board rejected a tiered approach to coverage for small entities, not an "excuse to justify the rule." 75 FR 80416.

[196] In any event, the comment from Baker & Daniels LLP and related comments are difficult to square with the assertions made in numerous other comments that the notice posting is unnecessary because employees are already well aware of their NLRA rights and have made informed decisions not to join unions or seek union representation.

will not have a significant economic impact on a substantial number of small entities. 5 U.S.C. 605(b) (emphasis added). The Board understands the "economic impact of * * * *the rule*" to refer to the costs to affected entities of complying with the rule, not to the economic impact of a series of subsequent decisions made by individual actors in the economy that are neither compelled by, nor the inevitable result of, the rule.[197] Even if more employees opt for union representation after learning about their rights, employers can avoid the adverse effects on business costs, flexibility, and profitability predicted by Baker & Daniels LLP and other commenters by not agreeing to unions' demands that might produce those effects.[198]

The Board finds support for this view in the language of Section 603 of the RFA, which lists the items to be included in an initial regulatory flexibility analysis if one is required. 5 U.S.C. 603. Section 603(a) states only that such analysis "shall describe the impact of the proposed rule on small entities." 5 U.S.C. 603(a). However, Section 603(b) provides, as relevant here, that "[e]ach initial regulatory flexibility analysis * * * shall contain—* * *

"(4) a description of the projected *reporting, recordkeeping and other compliance requirements* of the proposed rule, including an estimate of the classes of small entities which will be subject to the requirement and the type of professional skills necessary for preparation of the report or record[.]" 5 U.S.C. 603(b)(4) (emphasis added). The Small Business Administration cites, as examples of "other compliance requirements,"

(a) Capital costs for equipment needed to meet the regulatory requirements; (b) costs of modifying existing processes and procedures to comply with the proposed rule; (c) lost sales and profits resulting from the proposed rule; (d) changes in market competition as a result of the proposed rule and its impact on small entities or specific submarkets of small entities; (e) extra costs associated with the payment of taxes or fees associated with the proposed rule; and (f) hiring employees dedicated to compliance with regulatory requirements.[199]

Thus, the "impact" on small entities referred to in Section 603(a) refers only to the rule's projected compliance costs to small entities (none of which would result from posting a workplace notice), not the kinds of speculative and indirect economic impact that Baker & Daniels LLC invokes.[200]

Associated Builders and Contractors, Inc. (ABC) and Retail Industry Leaders Association (RILA) contend that the Board's RFA analysis fails to account for the costs of electronic notice posting, especially for employers that communicate with employees via multiple electronic means. Both comments deplore what they consider to be the rule's vague requirements in this respect. ABC argues that clear guidance is needed, and that the Board should withdraw the electronic notice posting requirements until more information can be gathered. RILA asserts that "[d]eciphering and complying with the Board's requirements would impose significant legal and administrative costs and inevitably result [in] litigation as parties disagree about when a communication is 'customarily used,' and whether and when employees need to be informed through multiple communications."

Numerous comments assert that employers, especially small employers that lack professional human resources staff, will incur significant legal expenses as they attempt to comply with the rule. For example, Fisher and Phillips, a management law firm, urges that the cost of legal fees should be included in assessing the economic impact of the proposed rule: "[I]t might be considered naïve to assume that a significant percentage of small employers would not seek the advice of counsel, and it would be equally naïve to assume that a significant percentage of those newly-engaged lawyers could be retained for as little as $31.02/hour."

Those comments are not persuasive. The choice to retain counsel is not a requirement for complying with the rule. This is not a complicated or nuanced rule. The employer is only required to post a notice provided by the Board in the same manner in which that employer customarily posts notices to its employees. The Board has explained above what the rule's electronic posting provisions require of employers in general, and it has simplified those provisions by eliminating the requirement that notices be provided by email and many other forms of electronic communication.[201] It should not be necessary for employers, small or large, to add human resources staff, retain counsel, or resort to litigation if they have questions concerning whether the proposed rule applies to them or about the requirements for technical compliance with the rule, including how the electronic posting provisions specifically affect their enterprises.[202] Such questions can be directed to the Board's regional offices, either by telephone, personal visit, email, or regular mail, and will be answered free of charge by representatives of the Board.[203]

Cass County Electric Cooperative argues that the Board failed to take into account legal expenses that employers will incur if they fail to "follow the letter of the proposed rule." The comment urges that the Board should estimate the cost to businesses "should they have to defend themselves against an unfair labor practice for failure to comply with the rule, no matter what the circumstances for that failure might be," presumably including failures to post the notice by employers that are unaware of the rule and inadvertent failures to comply with technical posting requirements. International Foodservice Distributors Association contends that the Board also should have considered the costs of tolling the statute of limitations when employers fail to post the notice. However, the costs referred to in these comments are costs of not complying with the rule, not compliance costs. As stated above, for RFA purposes, the relevant economic analysis focuses on the costs of complying with the rule.[204]

[197] For RFA purposes, the relevant economic impact on small entities is the impact of compliance with the rule. *Mid-Tex Electric Cooperative, Inc.* v. *FERC*, 773 F.2d 327, 342 (D.C. Cir. 1985), cited in SBA Guide, above, at 77.

[198] NLRA Section 8(d) expressly states that the obligation to bargain in good faith "does not compel either party to agree to a proposal or require the making of a concession[.]" 29 U.S.C. 158(d).

[199] SBA Guide, above, at 34.

[200] Baker & Daniels LLP cites no authority to support its contention that the RFA is concerned with costs other than the costs of compliance with the rule, and the Board is aware of none.

[201] Contrary to ABC's and RILA's assertions, the Board did estimate the cost of complying with the rule's electronic notice posting requirements; its estimated average cost of $62.04 specifically included such costs. 75 FR 80415. Although ABC faults the Board for failing to issue a preliminary request for information (RFI) concerning the ways employers communicate with employees electronically, the Board did ask for comments concerning its RFA certification in the NPRM, *id.* at 80416. In this regard, ABC states only that "many ABC member companies communicate with employees through email or other electronic means," which the Board expressly contemplated in the NPRM, *id.* at 80413, and which is also the Board's practice with respect to communicating with its own employees. If ABC has more specific information it has failed to provide it. In any event, the final rule will not require email or many other types of electronic notice.

[202] Association of Corporate Counsel contends that employers will have to modify their policies and procedures manuals as a result of the rule. The Board questions that contention, but even if some employers do take those steps, they would not be a cost of complying with the rule.

[203] Fisher and Phillips also suggest that the Board failed to take into account the effect that the proposed rule would have on the Board's own case intake and budget. The RFA, however, does not require an estimate of the economic effects of proposed rules on Federal agencies.

[204] *See* fn. 197, above.

Some comments assert that the content of the notice will prompt employee questions, which managers and supervisors will have to answer, and be trained to answer, and that the Board failed to account for the cost of such training and discussions in terms of lost work time.[205] Other comments contend that employers will incur costs of opposing an increased number of union organizing campaigns.[206] Relatedly, several comments state that employers should be allowed to, and/or will respond to the notice by informing employees of aspects of unionization and collective bargaining that are not covered by the notice; some suggest that employers may post their own notices presenting their point of view.[207] (A few comments, by contrast, protest that employers will be prohibited from presenting their side of the issues raised by the posting of notices.) The Board responds that any costs that employers may incur in responding to employee questions, in setting forth the employers' views on unions and collective bargaining, or in opposing union organizing efforts will be incurred entirely at the employers' own volition; they are not a cost of complying with the rule.

As discussed above, many comments express concerns that union supporters will tear down the notices in order to expose employers to 8(a)(1) liability for failing to post the notices. Some of these comments also contend that, as a result, employers will have to spend considerable time monitoring the notices to make sure that they are not torn down, or incur additional costs of installing tamper-proof bulletin boards. One commenter predicts that his employer will have to spend $20,000 for such bulletin boards at a single facility, or a total of $100,000 at all of its facilities, and even then will have to spend two hours each month monitoring the postings. For the reasons discussed above, the Board is not convinced at this time that the problem of posters being torn down is anything more than speculative, and accordingly is inclined to discount these predictions substantially. In any event, the rule requires only that employers "take *reasonable* steps"—not every conceivable step—to ensure that the notice is not defaced or torn down. The rule does not require, or even suggest, that employers must spend thousands of dollars to install tamper-proof bulletin boards or that employers must constantly monitor the notice.[208]

One comment contends that most small employers do not have 11 x 17-inch color printers, and therefore will have to have the posters printed commercially at a cost that, alone, assertedly will exceed the Board's estimate of the cost of the rule. The Board understands the concerns of this small employer. The Board points out that it will furnish a reasonable number of copies of the notice free of charge to any requesting employer. Moreover, as explained above, employers may reproduce the notice in black-and-white and may print the notice on two standard-sized, 8.5 x 11-inch pages and tape or bind them together, rather than having them printed commercially.

A number of comments argue that the rule will lead to workplace conflict. For example, the comment of Wiseda Corporation contains the following:

> *Unnecessary Confusion and Conflict in the Workplace.* The labor law terms and industrial union language of the proposed notice (such as hiring hall and concerted activity) present an unclear and adversarial picture to employees. Most non-union employers like us, who wish to *remain* non-union, encourage cooperative problem solving. In a modern non-union workplace, to require such a poster encouraging strikes and restroom leaflets is disrespectful of the hard work and good intentions of employers, management, and employees. The proposed poster would exist alongside other company notices on problem-solving, respect for others, resolving harassment issues, etc., and would clearly be out of character and inappropriate. (Emphasis in original.)

Another comment puts it more bluntly: "The notice as proposed is more of an invitation to cause employee/employer disputes rather than an explanation of employee rights." The Board's response is that the ill effects predicted in these comments, like the predicted adverse effects of unionization discussed above, are not costs of compliance with the rule, but of employees' learning about their workplace rights. In addition, Congress, not the Board, created the subject rights and did so after finding that vesting employees with these rights would reduce industrial strife.

B. Paperwork Reduction Act (PRA)[209]

The final rule imposes certain minimal burdens associated with the posting of the employee notice required by § 104.202. As noted in § 104.202(e), the Board will make the notice available, and employers will be permitted to post copies of the notice that are exact duplicates in content, size, format, and type size and style. Under the regulations implementing the PRA, "[t]he public disclosure of information originally supplied by the Federal government to [a] recipient for the purpose of disclosure to the public" is not considered a "collection of information" under the Act. *See* 5 CFR 1320.3(c)(2). Therefore, contrary to several comments, the posting requirement is not subject to the PRA.[210]

The Board received no comments suggesting that the PRA covers the costs to the Federal government of administering the regulations established by the proposed rule. Therefore, the NPRM's discussion of this issue stands.

Accordingly, this rule does not contain information collection requirements that require approval by the Office of Management and Budget under the PRA (44 U.S.C. 3507 *et seq.*).

C. Congressional Review Act (CRA)[211]

This rule is a "major rule" as defined by Section 804(2) of the Small Business Regulatory Enforcement Fairness Act of 1996 (Congressional Review Act), because it will have an effect on the economy of more than $100 million, at least during the year it takes effect. 5 U.S.C. 804(2)(A).[212] Accordingly, the

[205] *See, e.g.,* comments of Cass County Electric Cooperative and Baker & McKenzie. The latter estimates that each private sector employee will spend at least an hour attending meetings concerning the content of the notice, and that the cost to the economy in terms of lost employee work time will be $3.5 billion.

[206] *See, e.g.,* comment of Dr. Pepper Snapple Group.

[207] *See, e.g.,* comments of Metro Toyota and Capital Associated Industries, Inc.

[208] Contrary to one comment's suggestion, no employer will be "bankrupted" by fines imposed if the notice is torn down. As explained above, the Board does not have the authority to impose fines.

[209] 44 U.S.C. 3501 *et seq.*

[210] The California Chamber of Commerce and the National Council of Agricultural Employers dispute this conclusion. They assert that the PRA distinguishes between the "agencies" to which it applies and the "Federal government," and therefore that the exemption provided in 5 CFR 1320.3(c)(2) applies only to information supplied by "the actual Federal government," not to information supplied by a Federal agency such as the Board. The flaw in this argument is that there is no such legal entity as "the [actual] Federal government." What is commonly referred to as "the Federal government" is a collection of the three branches of the United States government, including the departments of the executive branch, and the various independent agencies, including the Board. If "the Federal government" can be said to act at all, it can do so only through one or more of those entities—in this instance, the Board—and that is undoubtedly the meaning that the drafters of 5 CFR 1320(c)(2) meant to convey.

[211] 5 U.S.C. 801 *et seq.*

[212] A rule is a "major rule" for CRA purposes if it will (A) Have an annual effect on the economy of $100 million or more; (B) cause a major increase in costs or prices for consumers, individual industries, government agencies, or geographic regions; or (C) result in significant adverse effects on competition, employment, investment, productivity, innovation, or the ability of United States-based enterprises to compete with foreign-based enterprises in domestic and export markets. 5 U.S.C. 804. The notice-posting rule is a "major

Continued

effective date of the rule is 75 days after publication in the **Federal Register**.[213]

List of Subjects in 29 CFR Part 104

Administrative practice and procedure, Employee rights, Labor unions.

Text of Final Rule

Accordingly, a new part 104 is added to 29 CFR chapter 1 to read as follows:

PART 104—NOTIFICATION OF EMPLOYEE RIGHTS; OBLIGATIONS OF EMPLOYERS

Subpart A—Definitions, Requirements for Employee Notice, and Exceptions and Exemptions

Sec.
104.201 What definitions apply to this part?
104.202 What employee notice must employers subject to the NLRA post in the workplace?
104.203 Are Federal contractors covered under this part?
104.204 What entities are not subject to this part?
Appendix to Subpart A—Text of Employee Notice

Subpart B—General Enforcement and Complaint Procedures

104.210 How will the Board determine whether an employer is in compliance with this part?
104.211 What are the procedures for filing a charge?
104.212 What are the procedures to be followed when a charge is filed alleging that an employer has failed to post the required employee notice?
104.213 What remedies are available to cure a failure to post the employee notice?
104.214 How might other Board proceedings be affected by failure to post the employee notice?

Subpart C—Ancillary Matters

104.220 What other provisions apply to this part?

Authority: National Labor Relations Act (NLRA), Section 6, 29 U.S.C. 156; Administrative Procedure Act, 5 U.S.C. 553.

Subpart A—Definitions, Requirements for Employee Notice, and Exceptions and Exemptions

§ 104.201 What definitions apply to this part?

Employee includes any employee, and is not limited to the employees of a particular employer, unless the NLRA explicitly states otherwise. The term includes anyone whose work has ceased because of, or in connection with, any current labor dispute or because of any unfair labor practice, and who has not obtained any other regular and substantially equivalent employment. However, it does not include agricultural laborers, supervisors, or independent contractors, or anyone employed in the domestic service of any family or person at his home, or by his parent or spouse, or by an employer subject to the Railway Labor Act (45 U.S.C. 151 *et seq.*), or by any other person who is not an employer as defined in the NLRA. 29 U.S.C. 152(3).

Employee notice means the notice set forth in the Appendix to Subpart A of this part that employers subject to the NLRA must post pursuant to this part.

Employer includes any person acting as an agent of an employer, directly or indirectly. The term does not include the United States or any wholly owned Government corporation, or any Federal Reserve Bank, or any State or political subdivision thereof, or any person subject to the Railway Labor Act, or any labor organization (other than when acting as an employer), or anyone acting in the capacity of officer or agent of such labor organization. 29 U.S.C. 152(2). Further, the term "employer" does not include entities over which the Board has been found not to have jurisdiction, or over which the Board has chosen through regulation or adjudication not to assert jurisdiction.

Labor organization means any organization of any kind, or any agency or employee representation committee or plan, in which employees participate and which exists for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work. 29 U.S.C. 152(5).

National Labor Relations Board (Board) means the National Labor Relations Board provided for in section 3 of the National Labor Relations Act, 29 U.S.C. 153. 29 U.S.C. 152(10).

Person includes one or more individuals, labor organizations, partnerships, associations, corporations, legal representatives, trustees, trustees in cases under title 11 of the United States Code, or receivers. 29 U.S.C. 152(1).

Rules, regulations, and orders, as used in § 104.202, means rules, regulations, and relevant orders issued by the Board pursuant to this part.

Supervisor means any individual having authority, in the interest of the employer, to hire, transfer, suspend, lay off, recall, promote, discharge, assign, reward, or discipline other employees, or responsibly to direct them, or to adjust their grievances, or effectively to recommend such action, if in connection with the foregoing the exercise of such authority is not of a merely routine or clerical nature, but requires the use of independent judgment. 29 U.S.C. 152(11).

Unfair labor practice means any unfair labor practice listed in section 8 of the National Labor Relations Act, 29 U.S.C. 158. 29 U.S.C. 152(8).

Union means a labor organization as defined above.

§ 104.202 What employee notice must employers subject to the NLRA post in the workplace?

(a) *Posting of employee notice.* All employers subject to the NLRA must post notices to employees, in conspicuous places, informing them of their NLRA rights, together with Board contact information and information concerning basic enforcement procedures, in the language set forth in the Appendix to Subpart A of this part.

(b) *Size and form requirements.* The notice to employees shall be at least 11 inches by 17 inches in size, and in such format, type size, and style as the Board shall prescribe. If an employer chooses to print the notice after downloading it from the Board's Web site, the printed notice shall be at least 11 inches by 17 inches in size.

(c) *Adaptation of language.* The National Labor Relations Board may find that an Act of Congress, clarification of existing law by the courts or the Board, or other circumstances make modification of the employee notice necessary to achieve the purposes of this part. In such circumstances, the Board will promptly issue rules, regulations, or orders as are needed to ensure that all future employee notices contain appropriate language to achieve the purposes of this part.

(d) *Physical posting of employee notice.* The employee notice must be posted in conspicuous places where they are readily seen by employees, including all places where notices to

rule" because, as explained in the discussion of the Regulatory Flexibility Act above, the Board has estimated that the average cost of compliance with the rule will be approximately $64.40 per affected employer; thus, because there are some 6 million employers that could potentially be affected by the rule, the total cost to the economy of compliance with the rule will be approximately $386.4 million. As further explained, nearly all of that cost will be incurred during the year in which the rule takes effect; in subsequent years, the only costs of compliance will be those incurred by employers that either open new facilities or expand existing ones, and those that for one reason or another fail to comply with the rule during the first year. The Board therefore expects that the costs of compliance will be far less than $100 million in the second and subsequent years. The Board is confident that the rule will have none of the effects enumerated in 5 U.S.C. 804(2)(B) and (C) above.

[213] The Board finds unpersuasive the suggestions in several comments that the effective date of the rule be postponed to as late as April 15, 2012. The Board finds nothing in the requirements of the rule or in the comments received that would warrant postponing the effective date.

employees concerning personnel rules or policies are customarily posted. Where 20 percent or more of an employer's workforce is not proficient in English and speaks a language other than English, the employer must post the notice in the language employees speak. If an employer's workforce includes two or more groups constituting at least 20 percent of the workforce who speak different languages, the employer must either physically post the notice in each of those languages or, at the employer's option, post the notice in the language spoken by the largest group of employees and provide each employee in each of the other language groups a copy of the notice in the appropriate language. If an employer requests from the Board a notice in a language in which it is not available, the requesting employer will not be liable for non-compliance with the rule until the notice becomes available in that language. An employer must take reasonable steps to ensure that the notice is not altered, defaced, covered by any other material, or otherwise rendered unreadable.

(e) *Obtaining a poster with the employee notice.* A poster with the required employee notice, including a poster with the employee notice translated into languages other than English, will be printed by the Board, and may be obtained from the Board's office, 1099 14th Street, NW., Washington, DC 20570, or from any of the Board's regional, subregional, or resident offices. Addresses and telephone numbers of those offices may be found on the Board's Web site at *http://www.nlrb.gov*. A copy of the poster in English and in languages other than English may also be downloaded from the Board's Web site at *http://www.nlrb.gov*. Employers also may reproduce and use copies of the Board's official poster, provided that the copies duplicate the official poster in size, content, format, and size and style of type. In addition, employers may use commercial services to provide the employee notice poster consolidated onto one poster with other Federally mandated labor and employment notices, so long as the consolidation does not alter the size, content, format, or size and style of type of the poster provided by the Board.

(f) *Electronic posting of employee notice.* (1) In addition to posting the required notice physically, an employer must also post the required notice on an intranet or internet site if the employer customarily communicates with its employees about personnel rules or policies by such means. An employer that customarily posts notices to employees about personnel rules or policies on an intranet or internet site will satisfy the electronic posting requirement by displaying prominently—*i.e.,* no less prominently than other notices to employees—on such a site either an exact copy of the poster, downloaded from the Board's Web site, or a link to the Board's Web site that contains the poster. The link to the Board's Web site must read, ''Employee Rights under the National Labor Relations Act.''

(2) Where 20 percent or more of an employer's workforce is not proficient in English and speaks a language other than English, the employer must provide notice as required in paragraph (f)(1) of this section in the language the employees speak. If an employer's workforce includes two or more groups constituting at least 20 percent of the workforce who speak different languages, the employer must provide the notice in each such language. The Board will provide translations of the link to the Board's Web site for any employer that must or wishes to display the link on its Web site. If an employer requests from the Board a notice in a language in which it is not available, the requesting employer will not be liable for non-compliance with the rule until the notice becomes available in that language.

§ 104.203 Are Federal contractors covered under this part?

Yes, Federal contractors are covered. However, contractors may comply with the provisions of this part by posting the notices to employees required under the Department of Labor's notice-posting rule, 29 CFR part 471.

§ 104.204 What entities are not subject to this part?

(a) The following entities are excluded from the definition of ''employer'' under the National Labor Relations Act and are not subject to the requirements of this part:

(1) The United States or any wholly owned Government corporation;

(2) Any Federal Reserve Bank;

(3) Any State or political subdivision thereof;

(4) Any person subject to the Railway Labor Act;

(5) Any labor organization (other than when acting as an employer); or

(6) Anyone acting in the capacity of officer or agent of such labor organization.

(b) In addition, employers employing exclusively workers who are excluded from the definition of ''employee'' under § 104.201 are not covered by the requirements of this part.

(c) This part does not apply to entities over which the Board has been found not to have jurisdiction, or over which the Board has chosen through regulation or adjudication not to assert jurisdiction.

(d)(1) This part does not apply to entities whose impact on interstate commerce, although more than de minimis, is so slight that they do not meet the Board's discretionary jurisdiction standards. The most commonly applicable standards are:

(i) The retail standard, which applies to employers in retail businesses, including home construction. The Board will take jurisdiction over any such employer that has a gross annual volume of business of $500,000 or more.

(ii) The nonretail standard, which applies to most other employers. It is based either on the amount of goods sold or services provided by the employer out of state (called ''outflow'') or goods or services purchased by the employer from out of state (called ''inflow''). The Board will take jurisdiction over any employer with an annual inflow or outflow of at least $50,000. Outflow can be either direct—to out-of-state purchasers—or indirect—to purchasers that meet other jurisdictional standards. Inflow can also be direct—purchased directly from out of state—or indirect—purchased from sellers within the state that purchased them from out-of-state sellers.

(2) There are other standards for miscellaneous categories of employers. These standards are based on the employer's gross annual volume of business unless stated otherwise. These standards are listed in the Table to this section.

TABLE TO § 104.204

Employer category	Jurisdictional standard
Amusement industry	$500,000.
Apartment houses, condominiums, cooperatives	$500,000.
Architects	Nonretail standard.

TABLE TO § 104.204—Continued

Employer category	Jurisdictional standard
Art museums, cultural centers, libraries	$1 million.
Bandleaders	Retail/nonretail (depends on customer).
Cemeteries	$500,000.
Colleges, universities, other private schools	$1 million.
Communications (radio, TV, cable, telephone, telegraph)	$100,000.
Credit unions	Either retail or nonretail standard.
Day care centers	$250,000.
Gaming industry	$500,000.
Health care institutions:	
Nursing homes, visiting nurses associations	$100,000.
Hospitals, blood banks, other health care facilities (including doctors' and dentists' offices)	$250,000.
Hotels and motels	$500,000.
Instrumentalities of interstate commerce	$50,000.
Labor organizations (as employers)	Nonretail standard.
Law firms; legal service organizations	$250,000.
Newspapers (with interstate contacts)	$200,000.
Nonprofit charitable institutions	Depends on the entity's substantive purpose.
Office buildings; shopping centers	$100,000.
Private clubs	$500,000.
Public utilities	$250,000 or nonretail standard.
Restaurants	$500,000.
Social services organizations	$250,000.
Symphony orchestras	$1 million.
Taxicabs	$500,000.
Transit systems	$250,000.

(3) If an employer can be classified under more than one category, the Board will assert jurisdiction if the employer meets the jurisdictional standard of any of those categories.

(4) There are a few employer categories without specific jurisdictional standards:

(i) Enterprises whose operations have a substantial effect on national defense or that receive large amounts of Federal funds

(ii) Enterprises in the District of Columbia

(iii) Financial information organizations and accounting firms

(iv) Professional sports

(v) Stock brokerage firms

(vi) U. S. Postal Service

(5) A more complete discussion of the Board's jurisdictional standards may be found in *An Outline of Law and Procedure in Representation Cases,* Chapter 1, found on the Board's Web site, *http://www.nlrb.gov.*

(e) This part does not apply to the United States Postal Service.

Appendix to Subpart A—Text of Employee Notice

"EMPLOYEE RIGHTS UNDER THE NATIONAL LABOR RELATIONS ACT

The National Labor Relations Act (NLRA) guarantees the right of employees to organize and bargain collectively with their employers, and to engage in other protected concerted activity or to refrain from engaging in any of the above activity. Employees covered by the NLRA* are protected from certain types of employer and union misconduct. This Notice gives you general information about your rights, and about the obligations of employers and unions under the NLRA. Contact the National Labor Relations Board (NLRB), the Federal agency that investigates and resolves complaints under the NLRA, using the contact information supplied below, if you have any questions about specific rights that may apply in your particular workplace.

"Under the NLRA, you have the right to:

- Organize a union to negotiate with your employer concerning your wages, hours, and other terms and conditions of employment.
- Form, join or assist a union.
- Bargain collectively through representatives of employees' own choosing for a contract with your employer setting your wages, benefits, hours, and other working conditions.
- Discuss your wages and benefits and other terms and conditions of employment or union organizing with your co-workers or a union.
- Take action with one or more co-workers to improve your working conditions by, among other means, raising work-related complaints directly with your employer or with a government agency, and seeking help from a union.
- Strike and picket, depending on the purpose or means of the strike or the picketing.
- Choose not to do any of these activities, including joining or remaining a member of a union.

"Under the NLRA, it is illegal for your employer to:

- Prohibit you from talking about or soliciting for a union during non-work time, such as before or after work or during break times; or from distributing union literature during non-work time, in non-work areas, such as parking lots or break rooms.
- Question you about your union support or activities in a manner that discourages you from engaging in that activity.
- Fire, demote, or transfer you, or reduce your hours or change your shift, or otherwise take adverse action against you, or threaten to take any of these actions, because you join or support a union, or because you engage in concerted activity for mutual aid and protection, or because you choose not to engage in any such activity.
- Threaten to close your workplace if workers choose a union to represent them.
- Promise or grant promotions, pay raises, or other benefits to discourage or encourage union support.
- Prohibit you from wearing union hats, buttons, t-shirts, and pins in the workplace except under special circumstances.
- Spy on or videotape peaceful union activities and gatherings or pretend to do so.

"Under the NLRA, it is illegal for a union or for the union that represents you in bargaining with your employer to:

- Threaten or coerce you in order to gain your support for the union.
- Refuse to process a grievance because you have criticized union officials or because you are not a member of the union.
- Use or maintain discriminatory standards or procedures in making job referrals from a hiring hall.
- Cause or attempt to cause an employer to discriminate against you because of your union-related activity.
- Take adverse action against you because you have not joined or do not support the union.

"If you and your co-workers select a union to act as your collective bargaining representative, your employer and the union

are required to bargain in good faith in a genuine effort to reach a written, binding agreement setting your terms and conditions of employment. The union is required to fairly represent you in bargaining and enforcing the agreement.

''Illegal conduct will not be permitted. If you believe your rights or the rights of others have been violated, you should contact the NLRB promptly to protect your rights, generally within six months of the unlawful activity. You may inquire about possible violations without your employer or anyone else being informed of the inquiry. Charges may be filed by any person and need not be filed by the employee directly affected by the violation. The NLRB may order an employer to rehire a worker fired in violation of the law and to pay lost wages and benefits, and may order an employer or union to cease violating the law. Employees should seek assistance from the nearest regional NLRB office, which can be found on the Agency's Web site: *http://www.nlrb.gov.*

You can also contact the NLRB by calling toll-free: 1–866–667–NLRB (6572) or (TTY) 1–866–315–NLRB (1–866–315–6572) for hearing impaired.

If you do not speak or understand English well, you may obtain a translation of this notice from the NLRB's Web site or by calling the toll-free numbers listed above.

''*The National Labor Relations Act covers most private-sector employers. Excluded from coverage under the NLRA are public-sector employees, agricultural and domestic workers, independent contractors, workers employed by a parent or spouse, employees of air and rail carriers covered by the Railway Labor Act, and supervisors (although supervisors that have been discriminated against for refusing to violate the NLRA may be covered).

''This is an official Government Notice and must not be defaced by anyone.''

Subpart B—General Enforcement and Complaint Procedures

§ 104.210 How will the Board determine whether an employer is in compliance with this part?

The Board has determined that employees must be aware of their NLRA rights in order to exercise those rights effectively. Employers subject to this rule are required to post the employee notice to inform employees of their rights. Failure to post the employee notice may be found to interfere with, restrain, or coerce employees in the exercise of the rights guaranteed by NLRA Section 7, 29 U.S.C. 157, in violation of NLRA Section 8(a)(1), 29 U.S.C. 158(a)(1).

Normally, the Board will determine whether an employer is in compliance when a person files an unfair labor practice charge alleging that the employer has failed to post the employee notice required under this part. Filing a charge sets in motion the Board's procedures for investigating and adjudicating alleged unfair labor practices, and for remedying conduct that the Board finds to be unlawful. *See* NLRA Sections 10–11, 29 U.S.C. 160–61, and 29 CFR part 102, subpart B.

§ 104.211 What are the procedures for filing a charge?

(a) *Filing charges.* Any person (other than Board personnel) may file a charge with the Board alleging that an employer has failed to post the employee notice as required by this part. A charge should be filed with the Regional Director of the Region in which the alleged failure to post the required notice is occurring.

(b) *Contents of charges.* The charge must be in writing and signed, and must be sworn to before a Board agent, notary public, or other person authorized to administer oaths or take acknowledgements, or contain a declaration by the person signing it, under penalty of perjury, that its contents are true and correct. The charge must include:

(1) The charging party's full name and address;

(2) If the charge is filed by a union, the full name and address of any national or international union of which it is an affiliate or constituent unit;

(3) The full name and address of the employer alleged to have violated this part; and

(4) A clear and concise statement of the facts constituting the alleged unfair labor practice.

§ 104.212 What are the procedures to be followed when a charge is filed alleging that an employer has failed to post the required employee notice?

(a) When a charge is filed with the Board under this section, the Regional Director will investigate the allegations of the charge. If it appears that the allegations are true, the Regional Director will make reasonable efforts to persuade the respondent employer to post the required employee notice expeditiously. If the employer does so, the Board expects that there will rarely be a need for further administrative proceedings.

(b) If an alleged violation cannot be resolved informally, the Regional Director may issue a formal complaint against the respondent employer, alleging a violation of the notice-posting requirement and scheduling a hearing before an administrative law judge. After a complaint issues, the matter will be adjudicated in keeping with the Board's customary procedures. *See* NLRA Sections 10 and 11, 29 U.S.C. 160, 161; 29 CFR part 102, subpart B.

§ 104.213 What remedies are available to cure a failure to post the employee notice?

(a) If the Board finds that the respondent employer has failed to post the required employee notices as alleged, the respondent will be ordered to cease and desist from the unlawful conduct and post the required employee notice, as well as a remedial notice. In some instances additional remedies may be appropriately invoked in keeping with the Board's remedial authority.

(b) Any employer that threatens or retaliates against an employee for filing charges or testifying at a hearing concerning alleged violations of the notice-posting requirement may be found to have committed an unfair labor practice. *See* NLRA Section 8(a)(1) and 8(a)(4), 29 U.S.C. 158(a)(1), (4).

§ 104.214 How might other Board proceedings be affected by failure to post the employee notice?

(a) Tolling of statute of limitations. When an employee files an unfair labor practice charge, the Board may find it appropriate to excuse the employee from the requirement that charges be filed within six months after the occurrence of the allegedly unlawful conduct if the employer has failed to post the required employee notice unless the employee has received actual or constructive notice that the conduct complained of is unlawful. *See* NLRA Section 10(b), 29 U.S.C. 160(b).

(b) Noncompliance as evidence of unlawful motive. The Board may consider a knowing and willful refusal to comply with the requirement to post the employee notice as evidence of unlawful motive in a case in which motive is an issue.

Subpart C—Ancillary Matters

§ 104.220 What other provisions apply to this part?

(a) The regulations in this part do not modify or affect the interpretation of any other NLRB regulations or policy.

(b)(1) This subpart does not impair or otherwise affect:

(i) Authority granted by law to a department, agency, or the head thereof; or

(ii) Functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(2) This subpart must be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This part creates no right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its

officers, employees, or agents, or any other person.

Signed in Washington, DC, August 22, 2011.

Wilma B. Liebman,

Chairman.

[FR Doc. 2011–21724 Filed 8–25–11; 8:45 am]

BILLING CODE 7545–01–P

From: Paul Morris [[redacted]]
Sent: 10/21/2013 12:44:26 AM
To: Jeffrey Epstein [jeevacation@gmail.com]
Subject: Fw: Weekend Snippets [C]
Attachments: graycol.gif

Importance: High

Classification: Confidential

Vinit is working with me on some large clients now, good resource, I will introduce you to him and few other sr. folks before year end either in NYC or in europe, just some directional thoughts/observations not necessarily for you,

Vinit Sahni

----- Original Message -----
From: Vinit Sahni
Sent: 10/20/2013 07:05 PM GDT
To: Vinit Sahni
Subject: Weekend Snippets (internal only) [I]
Classification: For internal use only

Here we are -> record highs for the S&P 500, the S&P 400 Midcaps, and small cap Russell 2000. Should we be asking ourselves if this is the Terminal Phase or will this continue ?

In these snippets here is a quick mark to market on where we are and some of the trades below. The theme of the trades below is very clear, carry outperformance and lower vol. Vol has broken down and we are on the leg down to 2009 levels (includes FX vol, rates vol, commodity vol etc) -> this has prompted additional risk taking and technicians for example are calling for 1775 levels in the S&P -> sharpe ratios of high carry trades looks very compelling here

Mark to Market:
With the US government reopened / debt ceiling raised, Obama stated -> there were "no winners." It's been only about 3 weeks, but the fourth quarter has already shown itself worthy of the history books. If the spec community can hold gains through year-end (the vol markets are alluding to) -> the ranks of billionaires will surely inflate further. No winners, right ?

This week saw the S&P500, the S&P 400 Mid-Cap Index and the small cap Russell 2000 all trade to record highs. The week's 2.8% advance increased the small caps' year-to-date gain to 31.3%. Google added about 140 points and $38.5bn of market cap this week (to $338bn) to reach an all-time high (up 43% y-t-d). The more speculative "beta" stocks continue to outperform. The NASDAQ 100 (up 3.7% this week), Morgan Stanley High Tech Index (up 2.6%) and The Interactive Week Internet Index (3.4%) all traded to the highest levels since 2000. Treasury, MBS, and corporate debt prices were higher as well. It all adds up.

The QE-enhanced 2013 version of "how crazy do things get?" is outshining even the 1999 speculative melee, yeah!!. The (post-LTCM bailout) year 1999 saw the small cap Russell 2000 Index jump from 422 to 505 (19.7%). This year, it has already run from 849 to 1,114 (up 31.3%). The S&P400 Midcap Index jumped from 392 to 445 in 1999 (13.5%). With more than two months to go, so far it's 1,020 to 1,290 for the midcaps (up 26.5%).

Why stop just at the US. Germany's DAX equities index added 1.6% this week to a new all-time high (up 16.5% y-t-d). Italian stocks jumped 2.1% (up 18.4% y-t-d) and Spanish stocks surged 3.5% (up 22.5%), both to more than two-year highs. Australian stocks gained 1.7% (up 14.5% y-t-d). Despite major economic issues, India's stock market jumped 1.7% this week to within a couple percent of new highs. Stocks jumped 4.2% in Brazil and 4.3% in Argentina. Indonesian stocks rallied 4.5%. Around the globe, most equities markets pushed higher. Fueled by huge ETF flows, total equity mutual fund inflows this past week jumped to a whopping $12.7bn.

You may want to see this -> On a weekly basis, global central bank International Reserve Assets (data from Bloomberg). This data provide a decent proxy for global financial flows, especially to the emerging markets (EM). From $6.63 TN back in April of 2009, International Reserves surged this week to a record $11.415 TN. Reserves have inflated 330% in ten years.

Lets focus on some trades here:
1) This environment is supportive for carry trades, which has been reflected in the outperformance of high yielders following the announcement of the US debt deal.
Long AUD/USD: Longer term investors remain relatively short AUD, which suggests that AUDUSD strength has further to run. A

move above parity is unlikely as the RBA should step in. Therefore buy 2m 0.9750 call against selling 2x 0.9900 calls. The AUDUSD risk reversal looks cheap (calls expensive relative to puts). This suggests selling high-strike calls, either outright for those that do not expect further AUD appreciation or to finance a low-strike call for a short-term carry position.
Long KRW NDF : this trade will benefit should CNY appreciation or band widening expectations gain additional traction
Long USD TRY: the market remains relatively short TRY, and with risk premium in USDTRY declining the most among major currencies, these short positions are likely to be at risk from carry traders.

2) HY vs IG compression trade in Europe: Six weeks of retail outflows from high-grade funds but retail inflows into high-yield funds shows that the compression trade in credit is firmly entrenched in Europe. There is a structural reach for yield and this trade still has some legs. I would however hedge out rate risk and stick with spread risk. I will point out that more than $200bn of "cov-lite" loans have been issued so far this year, more than double the $100bn sold in 2007. The record issuance means that about 56 per cent of new leveraged loans are now cov-lite !!

3) Long Europe small caps: This is a leveraged trade to a European recovery. European small + mid caps have a higher potential for upside. As European economies improve and small to mid cap valuations in the region continue to look attractive, a re-acceleration of sales and earnings at these companies should drive better performance in European small to mid caps versus the US. Investors looking for yield will find higher levels in Europe versus the US with European small to mid caps yielding near 3% versus approximately 1.4% in the US.

4) Long IT stocks: overall IT spend is expected to grow 0.9% in 2014 compared to ~0.7% growth. Corporate spending sentiment now is on the uptick prompting this move. Also keep an eye on data center growth. Demand for data center services is due to, First, technological evolution -> driving up computing density (servers) and utilization rates (virtualization), therefore data center space must constantly evolve to meet power and cooling needs. Second, increased cost consciousness and core competency focus -> driving greater acceptance of data center outsourcing within Enterprise IT departments.

5) Long Italian Banks / Italian Govvies: another leveraged play on the European periphery recovery. Unicredit clearly stands out. UCG will definitely gain from the European banking union theme. There has been recent talk of this year / early 2014 as a point when impaired loan growth may finally subside and I expect a wide range of cost cutting action. Our strategists think "Italy looks attractive in a twin deficits framework and should benefit from improving fiscal and credit impasse, political risk premium should decline", therefore they recommend buying 10y Italy vs Germany at 230bps, targetting a spread at 200bps

6) Euro Inflation floors: In the euro inflation options market, 5y 0% inflation floor prices are close to their lows. This is not consistent with the 5y inflation swap rates which are by themselves close to lows -> meaning deflation is closer-to-the-money. Inflation volatility has collapsed, probably mostly for purely technical reasons as is all other vol !!. Deflation is not anyone's central case, but a "underpriced tail risk". This creates opportunity for those prepared to pay premium for this risk and therefore would recommend buying the charted 5y 0% zero coupon floors at or around the current level of 20c.

7) KOSPI Calls: The KOSPI2 has been trading within a tight range, realizing only 9.8% over the past 30 days, the lowest globally. Low realized vol has capped short-dated implied vol, driving 1m ATM vol to 12.8%, near all time lows. The Index broke out from a tight range last week and investors should consider buying short-dated calls for upside exposure or replace outright longs with calls. The differential between positioning in EM equities and European equities has reached an extreme – worst on record and 2.4 stdev below its 10-year average. Even the NKY 3M ATM vol dropped to an 8-month low !!!

8) UK Banks: On the back of weak FICC earnings across the street, Barclays I feel has hit Rock Bottom. This reflects the sentiment around FICC geared investment banks generally, but also the horrible six months that management has seen. My personal view is that rates + credit will recover in 2014 as tapering will create a steeper curve and volatility. I also think Barclays leverage ratios will improve soon and Barclays will push through an aggressive cost cutting plan.

Quick Macro Snippet:
What should we be focused on: The most important market drivers will now be the 1) US labor market data and 2) Eurozone inflation. An improvement in the former will determine the timing and pace of Fed tapering. A decline in the latter will determine whether the ECB will stay on hold, or loosen policies. The Sep NFP is on Tuesday stay focused.

Gold some technicals - couldn't resist: The bears are still fighting the recent up move, here are some technicals to rebase...
The volatility in gold over the past several days has been impressive. A close above 1330 (Oct-08 high) would be the first sign of basing and a turn higher, while bulls gain control only AFTER a close above 1375 (Sep-19 high). A close below 1270 exposes the Jun-13, bear trend lows of 1180

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Tax Topics

12/20/13

2013-12

Budgets, tax reform and "extenders"

As the year winds down, House Budget Committee Chairman Paul Ryan (R-WI) and Senate Budget Committee Chairman Patty Murray (D-WA) have hammered out a budget deal that forestalls – for two years – another government shutdown, and limits some of the forthcoming sequester cuts otherwise slated to go in effect in January. Although neither negotiator is entirely happy with the agreement, both view it as a workable cease-fire in the budget battles; the House passed the agreement 332 to 94 on December 12th, and the Senate passed it 64 to 36 on December 18th. President Obama will sign the bill shortly, thereby making it possible for Congress to draft spending bills so as to allocate the budget dollars that have now been approved. Note, however, that this budget agreement does not address the debt ceiling suspension, which expires in February, and that another fiscal showdown is therefore possible early next year.

As to tax reform, Sen. Max Baucus (D-MT), Chairman of the Senate Finance Committee, has recently put forth several discussion drafts of legislation, generally dealing with corporate and international tax, and energy incentives, while Rep. Dave Camp (R-MI), Chairman of the House Ways and Means Committee, acknowledged that he fell short on his goal of introducing tax reform legislation this year, but that he would rather focus on that than an "extenders" bill.

What is "extenders" legislation, and how might it fit into the tax reform puzzle? Although "extenders" are not defined anywhere, they generally refer to temporary provisions of the tax law that Congress regularly renews – usually for a year or two at a time. For example, the research and development credit is an important business incentive that has been around since 1981 – and is again among the extenders that expire on December 31, 2013 (this year, they number 57). Some of the other extenders on this list are more recent, including the $250 above-the-line deduction for certain out-of-pocket expenses of teachers, the deduction for state and local sales taxes, and the IRA charitable "rollover" provision for taxpayers who are at least 70½.

Why does the tax law have so many temporary provisions? Several reasons come to mind. If a provision was enacted in response to a natural disaster or specific crisis, it is theoretically a short-term measure

designed to get taxpayers through a particularly difficult period – such as the expiring extender dealing with mortgage forgiveness. Enacted at the end of 2007 in response to turmoil in the housing market, this provision was designed to help borrowers who were underwater with their home mortgages: previously, if a lender foreclosed on a home and sold it for less than the outstanding indebtedness, the forgiveness of the unpaid balance generated taxable income for the borrower, as did a renegotiated mortgage that reduced the outstanding indebtedness. Under this temporary provision, that forgiveness is not considered income – a welcome result for taxpayers in this unhappy situation.

Yet what about temporary provisions that promote favored tax policies but that don't respond to a particular situation? If they're such a good idea, why not make them permanent? This gets to a basic reality: permanent provisions are more costly than temporary ones. That is because the Joint Committee on Taxation must use a current law "baseline" when it estimates the revenue impact of tax legislation. Such a baseline assumes that a temporary measure, such as the mortgage forgiveness mentioned above, generates only a short-term revenue loss, and will expire as scheduled – even if that is unlikely to occur. This means that such measures can paint a rosier fiscal picture than is perhaps justified, and can therefore be a more "cost-effective" way to continue desired tax benefits (and policies), regardless of how inefficient and counter-productive the resulting uncertainty may be.

These current expiring extenders seem likely to languish – at least for a bit, especially considering that the House has already recessed for the year. Although Congress has often renewed expiring provisions retroactively, such a move early next year could take some of the steam out of tax reform (assuming it has a chance). In addition, despite how inherently worthy these expiring provisions may be, Congress is under less pressure to pass extenders legislation because of the American Taxpayer Relief Act of 2012 (ATRA) (Pub. L. 112-240). That is, in addition to making most of the 2001 and 2003 tax cuts permanent, ATRA, which was enacted on January 2, 2013, made the "granddaddy" of extenders permanent, by permanently indexing the AMT exemption for inflation, thereby permanently sparing over 25+ million taxpayers from the AMT, as opposed to the "mere" 4+ million currently affected by it (recall that the earliest incarnation of the AMT in the late 1960's was in response to 155 taxpayers who paid no income tax through use of permissible credits and deductions).

Tax reform – and extenders – are thus moving targets. Even though Rep. Camp and Sen. Baucus, along with others in Congress, say they would like to address tax reform in 2014, that is a tall order: not only will members of Congress soon be pre-occupied with the November mid-term elections, there is also that small matter of the philosophical divide between Republicans and Democrats – Republicans want tax reform to be revenue-neutral, while Democrats want higher taxes on the top 1% to 2% of taxpayers. Finally, the latest fly in the ointment is that Sen. Baucus, who is not running for re-election in 2014, reportedly will be nominated as the next ambassador to China – meaning that he will not complete his final term in office, assuming he is confirmed. Does this take additional momentum away from the prospect of tax reform in 2014? Arguably yes, although Sen. Ron Wyden (D-OR), who could be Sen. Baucus's successor as Chairman of the Senate Finance Committee, is also interested in tax reform and has previously put forth bipartisan tax reform proposals. It will be interesting to see what develops.

End of the year recap

With the end of 2013 upon us, we wanted to highlight a few of the tax and political developments that stood out to us this year, and that have long-term implications:

ATRA. As mentioned above, the American Taxpayer Relief Act (ATRA) made the AMT "patch" and most of the 2001 and 2003 tax cuts permanent. It also raised taxes on the top 1% to 2% of taxpayers, in part, by bringing back the top income tax rate of 39.6% and, for those at that rate, the 20% rate on qualified dividends and most long-term capital gains. In addition, ATRA reinstated the personal exemption phase-out and what is generally a 3% limitation on itemized deductions, such as for mortgage interest, state and local

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taxes, and charitable contributions (the exemption phase-out and deduction limitation are colloquially known as "PEP and Pease"). These changes, coupled with the new 3.8% tax on net investment income (see below), may mean an unhappy surprise for many taxpayers on April 15, 2014, when they pay their 2013 income tax liability. On the transfer tax front, ATRA also made permanent the $5 million basic exclusion against the gift and estate tax, along with "portability," which effectively allows a surviving spouse to "inherit" the deceased spouse's unused exclusion. (The exclusion has been indexed for inflation since 2012, and in 2014, will increase to $5.34 million, the same amount as the generation-skipping transfer tax exemption). Finally, ATRA raised the top transfer tax rate from 35% to 40%.

3.8% tax on net investment income. What has come to be known as the "Affordable Care Act" (or ACA, sometimes referred to as "Obamacare") was enacted in two parts in March 2010: the "Patient Protection and Affordable Care Act" (Pub. L. 111-148), and "The Health Care and Education Reconciliation Act of 2010" (Pub. L. 111-152). ACA is a seismic shift in health care insurance and is beginning to be phased in (see below). It has also brought a number of new taxes, including the 3.8% tax on "net investment income," which took effect in 2013. Such income includes interest, dividends, capital gains, royalties and rents; the 3.8% tax on these items can apply if a taxpayer's "modified adjusted gross income" (adjusted gross income plus otherwise excluded foreign income) exceeds certain amounts that are *not* indexed for inflation: $250,000 (married filing jointly), $200,000 (single taxpayers) and $125,000 (married filing separately).

The extensive guidance the IRS has issued on this 3.8% tax is indicative of its complexity. To illustrate, in November 2012, the IRS issued over 150 pages of proposed regulations on the tax (REG-130507-11), and on November 27, 2013, the IRS issued over 300 pages of material: final regulations (T.D. 9644, effective December 2, 2013), along with some new proposed regulations (REG-130843-13) that address areas where guidance had been requested, or that had seemed unduly burdensome to commentators (such as how to calculate gain or loss when disposing of certain partnership or S Corporation property). Additional areas, the IRS has indicated, are reserved for future guidance…and then there are the various questions and answers the Service has issued, along with the explanations it has added to multiple publications that are designed for the general public. Put simply, this is a lot of material for a statute that is barely two pages long!

With the advent of these final regs, the IRS presumably will soon issue instructions for the new Form 8960, where taxpayers will report the 3.8% tax (a draft form was issued this August, but its frequent injunction to "see instructions" meant that taxpayers were still in the dark about how to calculate the tax). Note that if the "kiddie tax" applies to a child's "unearned income" AND the parent elects to report this income as his own, by filing Form 8814, this income will also be part of the parent's "net investment income" for purposes of the 3.8% tax. (The kiddie tax effectively taxes a child's unearned income in excess of $2,000 (the 2013 and 2014 thresholds) at the parent's highest rate.)

***Windsor* and same-sex marriage.** The Supreme Court decided *United States v. Windsor* on June 26, 2013, and held that Section 3 of the Defense of Marriage Act (DOMA) was unconstitutional because it defined "marriage" as only between a man and a woman. On August 29th, Treasury and the IRS issued guidance explaining that, effective September 16, 2013, same-sex married couples are now treated as married for *all* federal tax purposes, regardless of where they live (see, for example, Revenue Ruling 2013-17 and various Q&As on the IRS website: irs.gov). Nevertheless, because Section 2 of DOMA still stands, states are not required to recognize same-sex marriages that were validly celebrated in a different state. Thus, the state tax treatment of a same-sex married couple may differ from the couple's federal treatment, depending on where they live. In other words, complications still abound.

ACA rollout. As mentioned above, the Affordable Care Act (ACA) is being phased in, including the rollout this fall of HealthCare.gov, the government website through which individuals can seek health insurance so as to satisfy the "individual mandate," which requires individuals to procure health insurance by January 1, 2014, or face a penalty. As has been widely reported, the website has had numerous problems, and many individuals who had coverage are now losing it because it apparently doesn't meet ACA's new minimum

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coverage standards, and therefore won't be renewed. It goes without saying that ACA is bound to be an issue in next year's mid-term elections.

Government shutdown. The 16-day government shutdown in October happened because there was a spending and debt ceiling impasse between Democrats and Republicans. Although Republicans took much of the heat for the shutdown, it nevertheless seemed to reflect badly on everyone in Washington, and had wide-reaching effects, including delaying any number of things that the government needed to do, such as issuing guidance on the 3.8% tax (see above). The shutdown also delayed the start of the 2013 filing season, which the IRS has now announced will begin on January 31, 2014, or about 10 days later than usual (this means that taxpayers who are anticipating a refund – and therefore want to file early – will have to wait a little longer). As mentioned above, the recent budget agreement, which was born of this shutdown, should forestall another one…but another crisis is possible when the debt ceiling suspension expires in early February. Given the public's fury over the shutdown, however, it is hard to believe that Democrats and Republicans won't reach an agreement over the debt ceiling – the mid-term elections next November are not that far away, and voters do have memories!

"Nuclear option." Senate Democrats recently exercised the so-called "nuclear option," so as to limit potential filibusters on presidential executive and judicial nominees (other than those for the Supreme Court). In other words, all presidential nominees who are subject to the Senate's "Advice and Consent" can have their nomination put forth for Senate confirmation on 51 votes, and can't be filibustered, which requires 60 votes to overcome. Needless to say, Senate Republicans are unhappy with this rule change, and warn that Democrats will be even unhappier with it when they (the Democrats) are again in the minority, as will inevitably happen at some point. This move is significant, and may make bipartisan cooperation on immigration and tax reform even more improbable. 2014 will be interesting.

"Permanency." Much of this discussion has referred to "permanent" changes in the tax law, such as how ATRA made the 2001 and 2003 tax cuts permanent, along with the generous $5 million exclusion against gift and estate taxes. But how long a shelf-life do these provisions really have? Here's a thought: they are there until Congress later changes them. In other words, perhaps what separates a temporary provision from a permanent one is whether there's a built-in expiration date – if the provision has one, it's an "extender"; if it doesn't, it's "permanent." And if tax reform actually happens, all bets are off!

December 7520 rate issued

The IRS has issued the December 2013 applicable federal rates: the December 7520 rate remains at 2.0%, where it was in November. December's mid-term rates are as follows: 1.65% (annual), 1.64% (semiannual and quarterly), and 1.63% (monthly), a slight drop from November's midterm rates of 1.73% (annual), 1.72% (semiannual and quarterly), and 1.71% (monthly).

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Tax Topics 2013

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06/15/09	OMB's "Analytical Perspectives" and Treasury Department's "Green Book" offer insights on Obama tax proposals and outline of estate and gift tax proposals: consistent values, modifying rules on valuation discounts and minimum 10-year terms for GRATs; taxing employer-provided health care?; new mortality tables and QPRTs; New York's increased taxes and estimated tax payments	2009-05
04/20/09	The "Taxpayer Certainty and Relief Act of 2009" (S. 722) – makes lower income tax rates permanent, increases higher rates, and freezes the estate tax at 2009 levels; focus on whether Congress might reinstate the state death tax credit; new task force on tax reform	2009-04
03/19/09	President Obama's FY 2010 budget proposal: higher rates, limits on itemized deductions and the personal exemption phase-out; the interaction of the regular tax with the AMT; historical income tax and capital gains tax rates; S. 394 would enhance the tax treatment of art and collectibles	2009-03
02/09/09	Rep. Pomeroy's estate tax bill (H.R. 436); basic planning points; basis adjustment rules, including modified carryover basis in 2010; "The Rangel Rule" (H.R. 735); intra-family loans	2009-02
01/12/09	Suspension of 2009 required minimum distributions under *The Worker Retiree and Employer Recovery Act of 2008 (Pub. L. 110-458)*; a brief mention of another "bad facts" limited partnership case *(Hurford)*	2009-01

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2008

12/02/08	Prospective tax increases and their possible revenue implications; inflation-adjusted numbers for 2009 and selected planning points	2008-11
11/04/08	*The Emergency Economic Stabilization Act of 2008 (Pub. L. 110-343)*: AMT extenders and ISO relief, tax-free IRA distributions to charity, deduction for state and local sales taxes, broker basis reporting, and harmonizing preparer penalties for undisclosed positions; making lemonade out of lemons – coping with the market decline	2008-10
09/30/08	A discussion of the upcoming $3.5 million estate tax exclusion, and how it affects planning in "decoupled" states, especially for married couples	2008-09
08/29/08	A selected review of major tax legislation during the Bush administration, and a snapshot of the tax proposals of Senators McCain and Obama	2008-08
07/31/08	No discount for "restricted management accounts" (Rev. Rul. 2008-35); final regs on "grantor retained interest trusts" (T.D. 9414)	2008-07
06/30/08	Charitable remainder trusts and UBTI: final regs (T.D. 9403); charitable lead trusts and "tiering" provisions: proposed regs (REG-101258-08)	2008-06
05/30/08	Supreme Court holds that muni bonds still tax free (*Kentucky v. Davis*); IRS issues proposed regs on alternate valuation (REG-112196-07; *Kohler v. Commissioner*)	2008-05
04/28/08	The awful AMT and its disappearing exemption; Notice 2008-22 and a trust grantor's "nonfiduciary" power to swap trust property for property of equivalent value; planning techniques that work well in a low-interest rate environment	2008-04
03/31/08	Disclaimers and self-adjusting valuation clauses (*Christiansen*)	2008-03
02/26/08	More on the new preparer penalties: Notice 2008-13	2008-02
01/28/08	Supreme Court affirms that trust investment advisory fees subject to 2% floor (*Knight*); wash sale rules and IRAs; survivorship and the marital deduction (*Lee*)	2008-01

2007

12/21/07	AMT patch, cont'd.; 11th Circuit reverses Tax Court: built-in capital gains tax liability reduces value of closely held corporation: *Estate of Jelke* (*General Utitilies* doctrine; willing buyer-willing seller; IRA implications)	2007-12
11/20/07	AMT patch; inflation-adjusted numbers for 2008 and planning points; 0% rate for dividends and capital gains	2007-11
10/26/07	Preparer penalties: the new rules under the Small Business and Work Opportunity Act of 2007; transition rules under Notice 2007-54	2007-10
09/28/07	Charlie Rangel's proposal; AMT and estimated tax; taxing "carried interest"	2007-09
08/31/07	Saving for college: the "kiddie tax" and the pros and cons of different savings vehicles	2007-08

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07/31/07	*Davis v. Kentucky Revenue Department* – Supreme Court to examine muni bond taxability; proposed regs on trust investment fees and the 2% floor (REG-128224-06)	2007-07
06/28/07	Proposed regs on grantor retained income trusts (REG-119097-05); why timing of payments matters; why there's a 7520 rate; *Rudkin* update	2007-06
05/31/07	"Kiddie tax" changes; custodial accounts; "pay-go"; whither the estate tax; get a good valuation expert! (*Kimberlin)*	2007-05
04/27/07	2nd Circuit affirms that trust investment fees subject to 2% floor: *Rudkin*	2007-04
03/29/07	IRS Clarification: non-spousal rollovers and tax-free IRA distributions to charity (Notice 2007-7); tax patents; Chuck Grassley on the AMT and the "tax gap"	2007-03
02/28/07	Estate Planning Glossary	2007-02
01/30/07	The "First 100 Hours"; President Bush's health care proposals; 2006 Annual Report of the National Taxpayer Advocate	2007-01

2006

12/29/06	*The Tax Relief and Health Care Act of 2006 (Pub. L. 109-432):* "extenders"; health savings accounts; AMT refundable credit; charitable remainder trusts and UBTI; permanent capital gain treatment for self-created musical works	2006-11
11/22/06	The mid-term elections; 2007 inflation-adjusted numbers	2006-10
10/23/06	More on the *Pension Protection Act of 2006:* fractional interest gifts and $100,000 tax-free IRA contributions to public charities; Charlie Rangel and AMT reform; Connecticut marital deduction for same-sex couples	2006-09
09/08/06	*The Pension Protection Act of 2006 (Pub. L. 109-280)*: selected retirement and charitable provisions	2006-08
07/31/06	*Estate Tax and Extension of Tax Relief Act of 2006 (H.R. 5970)*; Illinois decoupling (*McGinley v. Madigan*); non-resident income taxation and out-of-state property	2006-07
06/27/06	*Permanent Estate Tax Relief Act of 2006 (PETRA, H.R. 5638)*	2006-06
05/31/06	*Tax Increase Prevention and Reconciliation Act of 2005 (Pub. L. 109-222)*: "kiddie tax"; conversions to Roth IRAs; expatriate income and housing exclusion; capital gains treatment for self-created musical works	2006-05
04/28/06	The AMT and stock options: capital loss carryback prohibitions apply to AMT as well (*Merlo*); attempted assignment of income fails (*McManus*); assignment of income: non-qualified stock options and charitable remainder trusts	2006-04
03/29/06	4th Circuit upholds IRS win in *Chawla*, but "insurable interest" issue still dangles	2006-03
02/22/06	Charitable Remainder Trust Safe-Harbor (Notice 2006-15); more on prepaid tuition; debts, forgiveness and taxes	2006-02

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01/27/06	Prepaid tuition (PLR 200602002); gift and estate tax reminder; "Personal Revival Trusts" for cryonauts	2006-01

2005

12/27/05	Tax Reform Panel Recommendations; Ron Wyden's "Fair, Flat Tax Act of 2005"	2005-12
11/18/05	Hurricane Katrina Provisions; 2006 inflation-adjusted numbers; sale of remaining lottery payments is not a sale of a "capital asset" (*Prebola*)	2005-11
10/18/05	Saving for College – round-up of options	2005-10
09/30/05	*Ittleson* – New York taxes sale of non-resident's artwork	2005-09
09/08/05	Estate tax thoughts; GST consequences of taxable trust renunciation (PLR 200532024); note about the "rule against perpetuities"	2005-08
07/29/05	*Strangi* – 5th Circuit upholds IRS win in Texas FLP case	2005-07
06/30/05	Circular 230	2005-06
05/27/05	Estate planning glossary; Washington state's new estate tax	2005-05
04/20/05	New Jersey loses on decoupling case (*Oberhand*); retroactive tax changes (*Nationsbank*); charitable remainder trust "safe harbor" rules and the right of election (Rev. Proc. 2005-24)	2005-04
03/28/05	Insurable interests and trusts: *Chawla*; "frivolous arguments to avoid when paying taxes" (Notice 2005-30)	2005-03
02/18/05	Washington State decoupling struck down: *Hemphill*	2005-02
01/28/05	Social security, the estate tax and tax reform; several cases: *Banks* (contingent attorney's fees); *Harkins* ("corporation sole"); *Davis* (marital deduction)	2005-01

2004

12/28/04	The Barnes Foundation	2004-15
11/24/04	2005 inflation-adjusted numbers; how a low 7520 rate affects planning techniques	2004-14
11/05/04	Tax reform: flat tax and consumption tax; American Jobs Creation Act deductions for sales tax and attorneys' fees; New York tax law change: non-resident's sale of co-op now taxable	2004-13
10/08/04	*The Working Families Tax Relief Act of 2004 (H.R. 1308)*: extension through 2010 of 10% and 15% brackets; that "ridiculously complex" tax code; a word on PORC; reminder about low 7520 rates	2004-12
09/10/04	*Turner v. Commissioner* (formerly *Thompson):* 3d Circuit affirms IRS Tax Court win against FLP (family limited partnership); *Turner* contrasted with *Kimbell*	2004-11

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08/03/04	Tax Court says stock transfers to FLP are indirect gifts (*Senda*); co-op's real estate taxes not deductible against AMT (*Ostrow* and *Guterman*)	2004-10
07/14/04	IRS addresses grantor trust rules and implications of tax reimbursement clauses (Rev. Rul. 2004-64); LUST tax	2004-09
06/25/04	H.R. 4520, the export bill; proposals for state and local sales tax deduction and deferred compensation; House bills; temporary Connecticut decoupling; 7520 rate chart	2004-08
05/28/04	*Kimbell v. U.S.* – 5th Circuit hands taxpayer a victory in FLP case; how the applicable federal rates are determined	2004-07
04/28/04	Export bill: economic substance doctrine, expanded "kiddie tax"; no dice on offsetting gambling losses (TAM 200417004); QSLOB election	2004-06
04/02/04	President Bush's 2005 budget takes aim at 529 plan "loopholes"; deductibility of attorneys' fees – Supreme Court grants cert on *Banaitis* and *Banks*	2004-05
03/18/04	Impact of 2001 and 2003 tax law changes and interplay with AMT; reminder about low 7520 rates	2004-04
02/27/04	More thoughts on "decoupling": New York, New Jersey and Connecticut – the power of lifetime gifts; pro-rating the tax on a New York trust that changes situs	2004-03
02/03/04	Tax clause nightmare: *Lurie v. Commissioner*, or the pain of charging taxes to a non-taxable share; interrelated computations	2004-02
01/14/04	New York fiduciary income tax and trust situs: *Estate of William Rockefeller* and *Matter of Harriet* Bush; codification of *Mercantile*	2004-01

2003

12/19/03	More changes on New York's 529 Plan; intra-family loans: term and demand loans, and forgiving them; note on William Roth and John Breaux	2003-21
11/26/03	Inflation-adjusted numbers for 2004; charitable remainder trusts, "ordering rules" and qualified dividends (REG-110896-98)	2003-20
11/10/03	Connecticut "decouples" for a bit; New York and New Jersey "decoupling" – disclaimers and contingent QTIPs; changes to New York's 529 Plan	2003-19
10/24/03	IRS acquiesces in *Walton* GRAT decision (Notice 2003-72); Social Security and "full retirement age"	2003-18
10/10/03	The Independent 529 Plan	2003-17
09/26/03	IRS guidance on reporting requirements for substitute dividends (Notice 2003-67); the "Wall Street Rule"; tax reward money taxable (*Roco*)	2003-16
09/05/03	The fall legislative agenda; saving for a child's college education	2003-15

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08/06/03	*Strangi III* – the Tax Court thumps taxpayer in Texas FLP case	2003-14
07/23/03	7th Circuit upholds IRS win in *Hackl*: no annual exclusion for gifts of LLC interests	2003-13
07/01/03	New York's "tax traps" regarding the estate tax, GST and non-residents	2003-12
06/16/03	More on JGTRRA, qualified dividends and the new tax rates	2003-11
06/06/03	JGTRRA: lower rates, qualified dividends, increased child tax credit; marriage penalty relief; increased AMT exemption; chart with phase-outs of the AMT exemption amounts	2003-10
05/16/03	Jobs and growth bill; trust's investment fees subject to 2% floor (*Scott*); tax apportionment (*PNC Bank v. Roy*); Michigan and the TPT credit (*Lacks v. Michigan Department of Treasury*)	2003-09
05/02/03	Jobs and growth bill; flat tax proposals; tax apportionment (*Kuralt*)	2003-08
04/11/03	Budget update; estate tax pitfalls for non-resident aliens (*Fung*); "indirect skips" and the GST; QTIP election boo-boo (PLR 200314012); early CRUT termination and capital gain (PLR 200314021)	2003-07
03/28/03	Budget news; contingent attorneys' fees (*Raymond*) – and how AMT interacts with them	2003-06
03/13/03	Budget and legislative update; marital deduction mess-up (*Davis*); limited education no defense against estate tax deficiency (*Koester*)	2003-05
02/28/03	Taxpayer's SCIN works (*Estate of Dulio Costanza*); SCIN contrasted with private annuity; IRS loses on "joint-spousal GRATs" (*Cook*)	2003-04
02/14/03	Details on Fiscal Year 2004 Budget, including various proposed savings accounts (lifetime, retirement and employer-sponsored); impact on 529 plans; a closer look at arguments in favor of tax-free dividend proposal	2003-03
01/31/03	State of the Union address and tax-free dividend proposal; CBO's deficit numbers; Sen. Daschle on the Democratic plan; *is* all retirement plan income "effectively" tax-free? (KD 3761); "decoupling" in Nebraska and Kansas	2003-02
01/16/03	President Bush's job creation plan and tax proposals, including tax-free dividends; Sen. Feinstein on freezing the top rate; JCT lists expiring provisions;House rules to require macroeconomic analyses; dynamic scoring	2003-01

2002

12/19/02	New faces: John Snow and Steven Friedman; adjustment clause too much like *Procter* – Mom can't take back gift (TAM 200245053); non-immigrant visa doesn't preclude domicile (*Estate of Jack*); payments to Holocaust survivors permanently exempted from income tax	2002-22
11/27/02	Our "abominable" tax code and how it got that way; Lindy Paull's departure; how 7520 rates affect planning techniques – why GRATs work better with lower rates and QPRTs don't	2002-21

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11/19/02	Aftermath of the mid-term elections and the AMT; estate tax issues; inflation-adjusted numbers for 2003	2002-20
10/25/02	Run-down on proposed legislation: the CARE and NESTEG bills; next year's FICA; low 7520 rates and planning: QPRTs, CLATs, CRATs, GRATs and charitable gift annuities	2002-19
09/20/02	Possible permanency of 2001 Tax Act and its education provisions;"decoupling": D.C., Massachusetts, New Jersey and New York	2002-18
09/04/02	Treasury ends "abusive" split-dollar scheme (Notice 2002-59)	2002-17
08/29/02	CBO's budget numbers and stimulus proposals; IRA discussion correction – comment from Cathy Vohs of the IRS	2002-16
08/01/02	CARE Act progresses – proposed gifts to charity from IRAs	2002-15
07/23/02	Corrections on IRA discussion; single life distribution table	2002-14
07/18/02	Corrected discussion on the final minimum distribution regs	2002-13
07/02/02	The debt limit increase; IRS retreats from imposing FICA or FUTA taxes on ISOs (Notice 2002-47)	2002-12
06/21/02	Attempts to make 2001 Tax Act permanent; efforts at estate tax reform; law-school expenses not deductible (*Galligan*); ignorance of the law is no excuse – "innocent spouse" relief denied (*Mitchell)*	2002-11
05/24/02	The "sunset" provision of the 2001 Tax Act; new IRA distribution tables	2002-10
04/18/02	Thoughts on 529 Plans; IRS issues final rules on IRA distributions; "decoupling": Maryland, Nebraska and New York	2002-09
04/09/02	Tax Court denies annual exclusion for gifts of LLC interests (*Hackl*); Florida says goodbye to estate tax revenues	2002-08
03/20/02	Senate Finance Committee hearing on tax shelters; Joint Committee on Taxation report on shelters and judicial doctrines used against them	2002-07
03/15/02	Stimulus bill passes; bill to freeze some of 2001 Tax Act; CBO and OMB revenue projections; Concord Coalition suggestions about fiscal year 2003 budget; GRAT includibility under IRC Sec. 2039 (TAM 200210009); Vermont "decoupling"; the GST and "indirect" skips – the opt-out	2002-06
02/28/02	Tax shelter amnesty (Announcement 2002-2); whither the corporate income tax?; IRS permits early CRUT termination (PLR 200208039) and tax treatment of early termination (PLR 200127023); IRS information on Victims' Relief Bill (Publication 3920); New York City's cigarette tax	2002-05
02/22/02	President Bush's fiscal year 2003 budget; Senate vote on estate tax repeal; the shrinking surplus; increase in debt ceiling; taxability of frequent flyer miles (Announcement 2002-18); cigarette taxes	2002-04

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01/31/02	Victims' Relief bill signed – planning points; bill to reinstate marital deduction for non-citizen spouses (H.R. 3575); the state death tax credit and "decoupling": Minnesota, Rhode Island and Wisconsin	2002-03
01/25/02	IRS Notice on split-dollar life insurance (Notice 2002-8)	2002-02
01/11/02	Tom Daschle speech on the economy; 2001 Report of the National Taxpayer Advocate	2002-01

2001

12/21/01	The stimulus package; the Victims of Terrorism Relief Act; inflation-adjusted numbers for 2002	2001-25
11/30/01	More on Victims of Terrorism bill (history of prior such bills); applicability of FICA and FUTA taxes to ISOs (incentive stock options): proposed regulations (REG-142686-01) and Notices 2001-72 and 2001-73; the AMT and ISOs	2001-24
11/26/01	Stimulus package stalls; Victims' Relief bill progresses; 18% capital gains tax rate and gain on principal residence exclusion (Revenue Ruling 2001-57)	2001-23
10/31/01	More thoughts on the Victims of Terrorism relief bill; FICA increase; France and the VAT	2001-22
10/24/01	Stimulus plans; budget shortfalls in California, Florida, New York and North Carolina	2001-21
09/28/01	9/11 aftermath: Victims of Terrorism Relief Act	2001-20
09/04/01	More on "timing" and the new estate tax rates; the phase-out of the state death tax credit	2001-19
08/07/01	AMT ISO relief?; "timing" and the new estate tax rates; the tax rebates	2001-18
08/02/01	Possible repeal of the "sunset" provision and the estate tax; GST "indirect" skips and deemed allocations	2001-17
07/25/01	GST changes under 2001 Tax Act	2001-16
07/10/01	Two unfavorable IRA rulings: sons can't be default "designated beneficiaries" (PLR 2001260410) and daughter can't name herself as Mom's designated beneficiary after Mom's death (PLR 200126036); new IRA rules wouldn't necessarily have made a difference	2001-15
06/29/01	Some of the numbers behind the 2001 Tax Act	2001-14
06/04/01	Rundown on EGTRRA (the 2001 Tax Act)	2001-13
05/22/01	Gifts to non-grantor trusts under the "Relief" bill; Neal tries to shut down swap funds (H.R. 1785)	2001-12
05/18/01	Rundown on the "Relief" bill; the "Byrd rule"	2001-11

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04/20/01	Costs of the "Death Tax Elimination" bill; the Joint Committee on Taxation and revenue estimates; estate tax reform bills; Rangel bill would make state and local taxes deductible against AMT	2001-10
04/13/01	The costs of estate tax repeal	2001-09
04/11/01	President Bush's tax proposals, H.R. 8, "The Death Tax Elimination Act of 2000," carryover basis and "dynamic" versus "static" scoring	2001-08
03/23/01	Competing stimulus bills and possible estate tax relief	2001-07
03/07/01	Stimulus bill in the making; IRA hardship exemption fails (*Gallagher*); tax fraud conviction and sentencing of Dorothy and George Henderson; office space for the Clinton Foundation	2001-06
02/05/01	Projected budget surpluses; President Bush's tax plan; possible estate and gift tax repeal	2001-05
01/30/01	Clarification on new proposed IRA regs	2001-04
01/24/01	Appendix with new IRA distribution period	2001-03
01/22/01	Senate Finance Committee takes shape; new proposed regs on IRA distributions (REG-130477-00 and REG-130481-00)	2001-02
01/10/01	Tax-writing committees take shape; possible tax legislation; IRS loses *Walton* GRAT case; how tax credits lard up the tax code; joint spousal revocable trust wins and loses	2001-01

2000

12/20/00	The $1.3 trillion tax cut; inflation-adjusted numbers for 2001	2000-19
11/29/00	Thoughts on the new faces in Washington; candidates for Chairman of the House Ways and Means Committee	2000-18
11/22/00	The uncertain outcome of the elections; compromise bill on the foreign sales tax regime; standard mileage rates	2000-17
11/17/00	Election outcome unknown, but what the tax-writing committees may look like	2000-16
10/30/00	House passes tax bill, Clinton promises veto; NY streamlines tuition savings plan; FICA increases and Social Security funding	2000-15
10/18/00	Details on 18% capital gains tax rate; deduction and credit for college tuition; conviction of Dorothy and George Henderson for tax fraud	2000-14
10/02/00	H.R. 1102, the "Retirement Security and Savings Act of 2000"; estate tax update	2000-13

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09/15/00	Override on "marriage penalty" veto fails; Republican edge in House narrows;"surviving spouse" in same-sex relationship loses 50% co-ownership argument (*Estate of Horstmeier*); credit for tax on prior transfers doesn't fly (*Estates of Harrison*); Gov. Jesse Ventura on Minnesota public school education	2000-12
09/08/00	Override on estate repeal veto fails; final GRAT regulations issued (T.D. 8899, 26 CFR Part 25); settlement fees and tax apportionment (*Estate of Esther Brabson*); dependency exemption for kidnapped child (ILM 200034029)	2000-11
08/07/00	Strategies for passing tax reform; New Hampshire upholds inheritance tax	2000-10
07/14/00	Thoughts on possible estate tax repeal; New Hampshire House overrides inheritance tax repeal veto; the problem of joint-ownership (PLR 200034029); draft legislation to permit fair market value deduction for charitable contributions by artists and authors (S. 2781)	2000-09
06/29/00	Projected surpluses; estate tax repeal movement	2000-08
06/09/00	New Hampshire governor vetoes inheritance tax repeal; IRS ruling on a "5 & 5" power: ever-increasing ownership of the trust (PLR 200022035); IRS wins two cases: gifts to a corporation don't qualify for annual exclusion (*Stinson*); "economic benefit" doctrine doesn't accelerate taxability of lottery winnings (*Thomas*)	2000-07
05/19/00	H.R. 8 and estate tax repeal; embezzled money is taxable income (*Amini*); no "married filing jointly" available for taxpayer in same-sex relationship (*Mueller*)	2000-06
05/15/00	Estate tax valuation of a disputed claim: *Estate of Algerine Smith. Commissioner* – 5th Circuit reverse Tax Court	2000-05
04/13/00	IRS goes after "ghoulish" charitable lead trusts (REG-100291-00; new tax shelter listings apply to individuals as well as corporations; IRS permits disclaimer to change IRA beneficiaries (PLR 200013041); community property IRA distribution to ex-spouse taxable to IRA owner (*Bunney*); charitable bequest of non-qualified stock options taxable to charity, not estate (PLR 20012076)	2000-04
03/24/00	Donees subject to transferee liability (*Armstrong*); converting NIM-CRUTs to CRUTs (Notice 99-31); discharge of GRAT liability (TAMs 200010010 and 200011005)	2000-03
02/28/00	Corporate tax refunds are up; taxpayer wins Texas partnership case (*Elsie Church v. United States*)	2000-02
0/11/00	President Clinton's final budget (fiscal year 2001); attempted casualty loss for property next to O.J. Simpson's estate (*Chamales*)	2000-01

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Date: Monday, January 13 2014 08:14 PM
Subject: mission acomplished for some
From: Boris Nikolic <[redacted]>
To: Jeffrey Epstein (jeevacation@gmail.com) <jeevacation@gmail.com>;

Philanthropy – Full text articles

Revealed: the world's most admired people
Stephan Shakespeare **– Times**

Bill Gates is the most admired person in the world, according to a global survey for The Times by YouGov. The man who many see as responsible for the democratisation of computing and who is the biggest activist philanthropist across the globe is highly regarded everywhere.

In his home, America, he ranks only 5th, behind Pope Francis, President Obama, Billy Graham, and George W. Bush. Mr Obama and the Pope have a strong lead in Western nations but Mr Gates is highly regarded in every country polled, from Brazil to Egypt, Nigeria to Indonesia, Britain to Russia to Australia. He tops the poll in China — as respondents there said: "He got into a good university, but gave up studying to start his business. He has become a rich man despite dropping out of school . . . He has a successful career and a caring heart — he is ordinary, but great."

The Queen came highest in Britain and second in Australia, but didn't make the Indian top ten. Nevertheless she is the most admired woman in the world, in 17th place, closely followed by Angelina Jolie and Oprah Winfrey.

Half of the top ten admired in Russia are women, including the pop singer Alla Pugacheva and the Queen. That is the highest figure in all countries surveyed — women are strikingly under-represented.

Some light is shed on this by comparing our results with a recent Gallup poll in America, which asked for most admired man and woman in separate questions. In that poll, Bill Clinton scored 2 per cent and Hillary Clinton 15. YouGov asked a single question, not differentiating men and women, and the two Clintons rated about the same. The two polls also show the power of the media to direct public attention: Gallup polled early in December, and Pope Francis was "most admired" by only 4 per cent. By the time of the YouGov survey, Time magazine had made him its Person of the Year, and he shot up to 21 per cent.

Business leaders did well in general. YouGov puts Sir Richard Branson 4th in Britain, the Hong Kong billionaire Sir Li Kashing was sixth in China; the Nigerian industrialist Aliko Dangote was third in his home country; Silvio Santos, a media billionaire, was 4th in Brazil; Mikhail Khodorkovsky, the tycoon recently freed by Vladimir Putin, was 8th in Russia; while Warren Buffett, who is admired in India, Pakistan and China, was 8th in the world.

Actors and musicians do less well. With the exception of the Bollywood superstar Amitabh Bachchan, Ms Jolie and Stephen Fry, who confirms his enormous Twitter following by making 7th in Britain, just below Desmond Tutu. Johnny Depp and Brad Pitt get close to the top in a couple of countries and Justin Bieber did well in Indonesia, but the rock star and anti-poverty campaigner Bono is notable by his absence.

Sportsmen were more highly regarded, with the Indian cricketer Sachin Tendulkar 5th in the world — but only because he is so adored in the world's second-most populous country. The footballer Lionel Messi had broader support, reaching 15th in the world. In Britain, David Beckham squeaked into 10th place.

In only two countries of the 13 surveyed did no local politician make it into the top ten — Australia and the UK. The omission was most striking in Britain where Nigel Farage, the top politician, was in 16th place. David Cameron received the "most admired" accolade from only two people in a thousand. In Germany, Angela Merkel scored 65 times higher at 13 per cent, second only to the Pope. Vladimir Putin topped the Russian poll with a whopping 24 per cent, Nicolas Sarkozy was third in France and Goodluck Jonathan 8th in Nigeria. Edward Snowden, responsible for leaking classified documents that revealed the extent of surveillance by America's National Security Agency, was 10th most admired in the country that granted him asylum, Russia. He also showed strongly in Germany. We also asked who was the most famous person in the world. The

overwhelming choice was Mr Obama, with 26 per cent, and Mr Gates behind on 12.

YouGov polled in Great Britain, France, Germany, Russia, the US, Australia, Pakistan, Indonesia, India, China, Egypt, Nigeria and Brazil, representing over half of the world's population and the most populated country on each continent, and spoke to total of 13,895 people around the world. We used a mix of internet and mobile phone surveys. In most countries we achieved representative samples but in some we were unable to achieve good representation of rural communities. Our survey asked two open-ended questions, seeking write-in answers: who do you think is the most famous person in the world, and who do you personally most admire?

Although we specified that only living people should be considered, many wanted to choose Nelson Mandela anyway, and had we conducted the survey a month earlier he would have come top. In China there was significant support for Mao Zedong, Zhou Enlai and Deng Xiaoping, with 14 per cent between them, and had those respondents considered only the living, Xi Jinping would have scored even more highly.

Who's Who
- Narendra Modi, an Indian politician, is the prime ministerial candidate of the BJP, the main opposition party.
- Amitabh Bachchan is a Bollywood superstar, who was the "angry young man" of Hindi cinema.
- Abdul Kalam is an Indian scientist and was president of his country 2002-07.
- Anna Hazare held a series of hunger strikes in India in a successful campaign for anti-corruption laws.
- Arvind Kejriwal is the Chief Minister of Delhi, and worked alongside Hazare.
- Peng Liyuan, a Chinese folk singer, is the wife of President Xi Jingping.
- The philanthropist Abdul Sattar Edhi founded the Edhi Foundation, the largest welfare organisation in Pakistan.
- Joko 'Jokowi' Widodo, the governor of Jakarta, is a populist leader who may run in the 2014 Indonesian presidential election.

Stephan Shakespeare is CEO of YouGov.

From: Paul Morris [[redacted]]
Sent: 3/14/2014 10:27:39 PM
To: Jeffrey Epstein [jeevacation@gmail.com]
Subject: Re: Oil options [C]
Attachments: graycol.gif

Importance: High

Classification: Confidential

I do want to talk to u about this, they spent too much thinking about options here, let me know when u have couple minutes.

Vinit Sahni

----- Original Message -----
From: Vinit Sahni
Sent: 03/13/2014 09:47 PM EDT
To: jeevacation@gmail.com
Cc: Paul Morris
Subject: Fw: Oil options
Classification: External Communication

Jeffrey - apologise if this long to execute next time we'll be much quicker.

Nav Gupta

----- Original Message -----
From: Nav Gupta
Sent: 03/12/2014 09:35 PM GDT
To: "jeevacation@gmail.com" <jeevacation@gmail.com>
Cc: Tazia Smith; Paul Morris/db/[redacted]; Vinit Sahni/db/[redacted]
Subject: Oil options
Jeffrey

Just got off the phone with Vinit.
DB stopped marketmaking OTC oil options - for short dated I'd go for exch traded - better liquidity and lower transaction costs in and out.

My central scenario - Kerry Lavrov meeting Friday will be a bust and the Crimea referendum this weekend will result in "yes" given the 59pct ethic Russian makeup. Sunday/ Monday sanction rhetoric from ranging from g8 expulsion to Iran-style bank embargo is raised a notch. Russia follows with more threats of counter-sanctions. My sense is the Obama 5m of 696m SPR release is to show Merkel and co he will step in. He needs to because there are 8 small European and Baltic countries that rec 70%+ of their gas from Russia. Germany gets 30%.

Cross asset correlations outside of the US are increasing past few days - eg copper and the Turkish lira hourly charts are on top of each other past 4 days. I'm worried there is a 30-40pct(?) chance of a hard risk off move in markets in first half of next week - more focused on European equities, copper, EM FX (Turkey, ZAR, Ruble etc) than SPX. In that scenario oil is way up.

Exchange WTI calls - there are 2 options (as of 3pm est):

5day expiry 17march 2014 underlying clj4 97.92
and
35d expiry 16april2014 underlying clk4 97.59

** The 5 day options are a bit short - one possibility is sell a 3usd out of the money put (95.5 strike) for 20cents and buy a 2usd OTM 100 call for 25. Net pay 5cents. But 5d is a bit short for me.

**For 35d expiry You could look at selling 91.50 (6usd OTM put) for 56cents and buying 103c (5.5usd OTM) for 58cents or the 102c (4.5usd OTM) for 76cents.

CL1 <comdty> OMON on Bloomberg has live strikes and bid/ask.

If 5d is too short and 35d is too long / not enough gamma, Tazia may be able to source liquidity from the street. Am Cc'ing her for any live pricing or additional comment

Best
Nav
[redacted] c
h

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From: Darren Indyke [[redacted]]
Sent: 3/1/2012 3:54:12 AM
To: Jeffrey Epstein [jeevacation@gmail.com]
Subject: Fwd: front page of foxnews.com right now!! - Look at this!

Importance: High

Sent from my iPhone

Begin forwarded message:

From: Erika Kellerhals <[redacted]>
Date: February 29, 2012 10:41:17 PM EST
To: "[redacted]" <[redacted]>
Subject: Fwd: front page of foxnews.com right now!! - Look at this!

Sent from my iPhone

Begin forwarded message:

From: "William L. Blum" <[redacted]>
Date: February 29, 2012 10:26:26 PM EST
To: "[redacted]" <[redacted]>, Erika Kellerhals <[redacted]>, "Edward B. Reynolds, Jr." <[redacted]>
Subject: Fwd: front page of foxnews.com right now!! - Look at this!

Did you guys see this?

Bill

Sent from my iPhone

Begin forwarded message:

From: Justin Blackhall <[redacted]>
Date: February 29, 2012 10:06:39 PM EST
To: "William L. Blum" <[redacted]>, "Robert A. Solomon" <[redacted]>
Subject: front page of foxnews.com right now!! - Look at this!

http://www.foxnews.com/politics/2012/02/29/obama-bundler-works-as-virgin-islands-tax-adviser/

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May 2012

J.E. CASCADING GRAT & INSTALLMENT SALE ANALYSIS

Investment products: Not FDIC insured • No bank guarantee • May lose value

Please see important information at the end of this presentation.

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J.P.Morgan

A sale to an IDGT is a tax-efficient way to transfer future appreciation of an asset

Intentionally Defective Grantor Trust ("IDGT")

- Grantor makes arm's length sale of assets to an irrevocable trust
- Grantor receives a note for the fair market value of the asset plus interest at current AFR
- Grantor pays income taxes generated by trust assets
- After the note is paid, remaining trust assets pass to heirs gift tax free
- Additional considerations
  - trust should be "pre-funded" by grantor to provide sufficient coverage for the note
  - having the loan guaranteed by trust beneficiaries may be beneficial
  - advisable to allocate GST exemption to trust in order to maximize benefit to heirs

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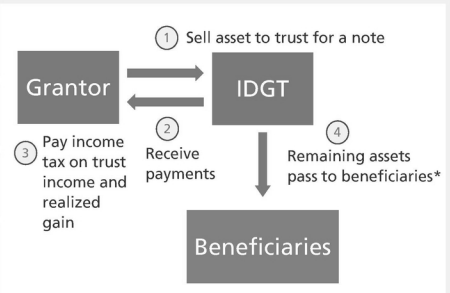
How a sale to an IDGT works

1. Sell asset at fair market value to the trust in return for a promissory note bearing interest at proper AFR* based upon term of loan
2. Receive payments satisfying terms of note
3. Pay income tax on trust income and realized gain
4. After note is paid off, remaining assets in trust are available, free of gift tax, for beneficiaries**



To enhance the potential benefits consider funding a series of cascading GRATs – the remainders can be added to the IDGT

If the cascading GRATs are successful, at the end of the cascading GRAT terms additional assets can be sold to the IDGT

* AFRs are defined as: 1) short-term - not over three years; 2) mid-term - over three, but not over nine years; 3) long-term - over nine years.
** If Grantor dies before note is satisfied, the fair market value of the note is includible in grantor's estate.

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A "Cascading GRAT" strategy enhances the benefits of a GRAT

- The "Cascading GRAT" strategy uses a GRAT's annuity stream to fund subsequent short-term GRATs
  - annual reinvestment of annuity stream enhances potential value for beneficiaries

- Multiple short-term GRATs allow you to take advantage of market volatility
  - shorter terms permit market "spikes" to be captured immediately

- Short-term GRATs enable you to better manage mortality risks
  - if grantor dies during term of trust, the assets in the GRAT are included in the estate
  - grantor has greater probability of surviving a shorter term

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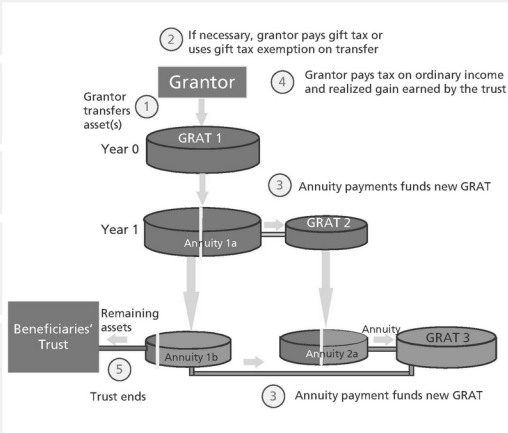
How a "Cascading GRAT" strategy works

1. Grantor transfers asset(s) to an irrevocable trust. Grantor may manage GRAT assets as trustee.
2. Grantor pays little or no gift tax, or uses gift tax exemption*, on present value of trust remainder**
3. Annuity payments from existing GRATs fund a new GRAT
4. Grantor pays tax on ordinary income and realized gain earned by the trust (but not on annuity amount transferred from trust to grantor)
5. When trust term ends, remaining trust assets pass to beneficiaries free of gift tax
   - if grantor does not survive the term, trust assets are included in the estate and subject to estate tax



*Gift tax exemption in 2012 shelters up to $5,120,000 per individual of value transferred from gift tax.
**Calculation based on Treasury discount rate in effect at time of funding GRAT. A recent Tax Court decision (Walton v. Commissioner, 115 T.C. No. 41 (Dec. 22, 2000)) allows GRAT to be "zeroed out," eliminating the need to incur any gift tax.

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Economic flows of Cascading GRATs

Example	
Value of initial transfer to GRAT	$50,000,000
IRS discount rate	1.60%
Number of GRATs	4
Length of strategy	5 years
Annuity rate	51.20%
Escalating annuity percentage	0%
Term of individual GRATs	2 years
Future IRS discount rate	1.60%

Note: Assumes grantor survives all GRAT terms
Note: Model does not include income taxes; the ongoing income taxes generated by the trust are paid by the grantor, income tax implications should be carefully considered
Note: Model assumes all annuity payments are made in cash

Pre-tax annual return of asset	
Year	Return
1	15.00%
2	15.00%
3	15.00%
4	15.00%
5	15.00%

	GRAT First Year			GRAT Second Year		
GRAT #	FMV	Appreciation	Annuity	FMV	Appreciation	Annuity
1	50,000,000	7,500,000	(25,601,587)	31,898,413	4,784,762	(25,601,587)
2	25,601,587	3,840,238	(13,108,825)	16,333,000	2,449,950	(13,108,825)
3	38,710,413	5,806,562	(19,820,960)	24,696,014	3,704,402	(19,820,960)
4	32,929,786	4,939,468	(16,861,096)	21,008,158	3,151,224	(16,861,096)

	Beneficiary's trust reinvests remainders			Grantor reinvests annuities		
Year	Balance	Inflows	FMV	Balance	Inflows	FMV
1	0	0	0	0	0	0
2	0	11,081,587	11,081,587	0	0	0
3	12,743,825	5,674,124	18,417,950	0	0	0
4	21,180,642	8,579,456	29,760,099	0	36,682,056	36,682,056
5	34,224,114	7,298,286	**41,522,399**	42,184,364	16,861,096	59,045,460

Numbers have been rounded for convenience, are only estimates for illustrative purposes and should not be relied upon. Corporate insiders should consult with securities counsel as to any reporting issues under Section 16 of the Securities Exchange Act of 1934 associated with receiving shares in-kind.

Note: Above example is for illustrative purposes only. These materials should not be construed as providing legal, tax or accounting advice. GRATs involve complex tax and, in the case of insiders, securities laws issues that should be discussed with your own advisors and company counsel. Annuity will be paid for full term to the grantor or, in case of the grantor's death, to the grantor's estate. Calculation is based on 2000 Tax Court ruling in Walton v. Commissioner (115 T.C. No. 41 (Dec. 22, 2000).

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Economic flows of IDGT*

Example - Initial Funding	
Total assets transferred to trust	$69,285,714
Valuation discount	30%
Valuation of assets for gift tax purposes	$50,000,000
Seed capital/coverage	$5,000,000
Trust term	20 years
Lifetime gift tax exemption applied	$5,000,000
Gift tax paid	$0
Applicable interest rate (AFR)	2.89%
Annual interest payment on note	$1,300,500
Note face value (year 20 balloon payment)	$45,000,000

Additional funding in year 5 from cascading GRATs	
Assumed assets in trust at the end of year 5	$91,799,393
Additional assets from GRATs	**$41,522,399**
Additional note (9:1 leverage)	$373,701,591
Initial note outstanding face value	$45,000,000
Total outstanding notes	$418,701,591
Remaining note term	15 years
Lifetime gift tax exemption applied	$0
Gift tax paid	$0
Applicable AFR	2.89%
Annual interest payment on notes	$12,100,476

Assumptions

- The arithmetic return of assets = 15%; of which ordinary income/short term capital gains = 15%
- Income tax rate used for majority of analysis = 48.4% (Federal = 39.6%, New York City = 8.33%, Medicare = 3.8%)
- Capital gains tax rate used for majority of analysis = 28.8% (Federal = 20%, New York City = 8.33%, Medicare = 3.8%)
- Income and capital gains tax rates adjusted in early years to reflect current law
- Assumes note payments are satisfied using yield first, then seed capital, and finally other assets. If a valuation discount is specified, a pre-disount value is used

Year	Return (asset and seed capital)	Interest and principal payments on note	Trust Value (pre-discount)
0			69,285,714
1	10,392,857	1,300,500	78,378,071
2	11,756,711	1,300,500	88,834,282
3	13,325,142	1,300,500	100,858,924
4	15,128,839	1,300,500	114,687,263
5	**17,203,089**	**1,300,500**	**705,971,667***
6	105,895,750	12,100,476	799,766,941
7	119,965,041	12,100,476	907,631,507
8	136,144,726	12,100,476	1,031,675,757
9	154,751,364	12,100,476	1,174,326,644
10	176,148,997	12,100,476	1,338,375,165
11	200,756,275	12,100,476	1,527,030,964
12	229,054,645	12,100,476	1,743,985,132
13	261,597,770	12,100,476	1,993,482,426
14	299,022,364	12,100,476	2,280,404,314
15	342,060,647	12,100,476	2,610,364,485
16	391,554,673	12,100,476	2,989,818,682
17	448,472,802	12,100,476	3,426,191,008
18	513,928,651	12,100,476	3,928,019,183
19	589,202,878	12,100,476	4,505,121,585
20	675,768,238	430,802,067	4,750,087,756
Return to grantor (nominal)		606,711,231	
Net trust amount			**4,750,087,756**

* Analysis assumes that at the end of year 5 the $41,522,399 cumulative remainder of cascading GRATs from the previous page is used as seed capital for another note at 9:1 leverage used to purchase $373,701,591 of assets at a 30% discount using today's long-term AFR of 2.89%

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A sale to an IDGT results in greater value for heirs than if the asset were held outright

Cash flow example:

		Scenario 1	Scenario 2: Sell asset to IDGT		
Year		Hold asset	Grantor	Cost of taxes	Trust
0	Asset held/sold to trust*	$64,285,714			$64,285,714
	Coverage	5,000,000			5,000,000
	Gift tax on coverage			-	
5	Assets from initial funding	100,544,702	7,570,535	(37,615,685)	130,589,853
	Assets from cascading GRATS	72,558,032	59,045,460	(28,009,827)	41,522,399
	Assets held/sold to trust**	533,859,416			533,859,416
20	Value of assets	2,066,664,527	763,711,690	(3,447,134,919)	4,750,087,756 [1]
	Estate tax***	(1,136,115,490)	(420,041,430)	1,895,924,205	-
	Net wealth to beneficiaries	930,549,037	343,670,261	(1,551,210,713)	4,750,087,756
	Total value to beneficiaries	$930,549,037		$3,542,547,303	
	Value added by IDGT		**$2,611,998,266**		

1. Assets do not receive a step up in basis upon death

* Value shown is prior to assumed valuation discount of 30%, the value of assets for gift tax purposes is assumed to be $45,000,000

** Value shown is prior to assumed valuation discount of 30%, the value of assets for gift tax purposes is assumed to be $373,701,591

*** In scenario 1 an estate tax exemption of $1,000,000 is applied. This is the lesser of the $5,000,000 gift tax exemption applied to scenario 2 and the $1,000,000 applicable estate tax exemption in year 20

Assumptions: The arithmetic return of asset years 1-20=15%;of which ordinary income/short term capital gains = 15%;interest rate paid to grantor = 2.89%; annual interest payment=$1,300,500; valuation discount = 30%; transfer tax rate (for transfers at the end of year 20) = 55%.
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On June 7, 2001, President Bush signed into law the Economic Growth and Tax Relief Reconciliation Act ("EGTRRA") which significantly changed estate, gift, and generation-skipping transfer taxes. On December 17, 2010, President Obama signed into law the Tax Relief, Unemployment Insurance Reauthorization and Jobs Creation Act of 2010, which institutes estate, gift, and GST taxes at 35% with a $5MM exemption for 2011 and 2012 (adjusted for inflation), after which rates and exemptions will return to pre-EGTRRA levels.

NOTE: Analysis assumes that at the end of year 5 the $41,522,399 cumulative remainder of cascading GRATs from page 5 is used as seed capital for another note at 9:1 leverage used to purchase $373,701,591 of assets at a 30% discount using today's long-term AFR of 2.89%

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From: Paul Morris[redacted]
Sent: 4/30/2013 6:57:28 PM
To: jeevacation@gmail.com
Subject: Fw: Tax Topics
Attachments: Untitled attachment 144206.gif; Untitled attachment 144209.gif; apr29tx13.pdf

Importance: High

Classification: Public

Paul Morris
Managing Director
Deutsche Bank Asset & Wealth Management
345 Park Avenue, 27th Floor
New York, NY 10154
[redacted]

----- Forwarded by Paul Morris/db/dbcom on 04/30/2013 02:56 PM -----

From: Blanche Christerson[redacted]
To:

Date: 04/30/2013 02:55 PM
Subject: Tax Topics

Classification: Public

Attached is the latest edition of *Tax Topics*. It discusses some of the tax proposals in President Obama's Fiscal Year 2014 Budget, which was released on April 10th. It also has the 7520 rate and the applicable federal mid-term rates.

...three cheers for spring!

Blanche Lark Christerson
Managing Director

Deutsche Bank Trust Company, N.A.
Deutsche Asset & Wealth Management
345 Park Avenue, NYC 20-2606
New York, NY 10154-0004
[redacted]

Passion to Perform

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Deutsche Asset
& Wealth Management

Blanche Lark Christerson
Managing Director, Senior Wealth Planning Strategist

Tax Topics

04/29/13

2013-05

Fiscal Year 2014 Budget issued

On April 10th, President Obama issued his Fiscal Year 2014 budget. Shortly thereafter, the Treasury Department issued its "Green Book," which explains the tax provisions in the budget. Although most of these provisions are familiar and have appeared in previous budgets, a few were new. Here is a selected overview of some of these provisions, most of which would apply (assuming Congress enacts them) as of 2014:

- **Limit the value of certain tax benefits.** As in previous budgets, the current budget proposes to limit the value of various tax benefits so that they only reduce or shelter income that would be taxed at 28% or less. In other words, taxpayers with income that would be taxed at the 33%, 35% or 39.6% rate would see tax benefits curtailed, including ALL itemized deductions (these include deductions for mortgage interest, charitable contributions and state and local taxes), tax-exempt municipal bond interest, employer and employee contributions to employer-sponsored health insurance, employee contributions to retirement plans such as 401(k)s, contributions to health savings accounts and Archer medical savings accounts, interest on education loans and certain higher education expenses. Because an affected taxpayer's pre-tax contribution to her retirement account would be taxed, the account's "basis" would be increased accordingly.

  Comments. This proposal is not new, but the basis adjustment for retirement accounts is an equitable provision that was previously missing. Also, because the proposal would apply to income that is taxed at 33%, 35% or 39.6%, it would increase taxes on some of those President Obama has previously pledged to insulate from higher taxes – namely, individuals with income under $200,000 or married couples filing jointly with income under $250,000. That is, in 2013, the 33% tax rate applies to taxable income in excess of $183,250 (single taxpayers), $203,150 (head of household) and $223,050 (married filing jointly).

- **The "Buffett Rule."** To limit the advantage that high-income taxpayers enjoy from the preferential low rates on dividends and long-term capital gains, the budget proposes the "Fair Share Tax" (FST), a new

minimum tax designed to ensure that taxpayers pay at least 30% on their adjusted gross income (AGI) (a credit for charitable contributions would be allowed). Translated, this means that if the taxpayer's "regular" taxes (including certain credits, the alternative minimum tax and the new 3.8% surtax on net investment income) and payroll taxes didn't reach 30%, the FST would make up the difference. The FST would be phased in starting at $1 million of AGI, and would be fully phased in at $2 million of AGI (these thresholds would be indexed for inflation as of 2015).

Comments. Taxpayers who already pay an aggregate 30% in regular and payroll taxes would not be subject to the FST – but those who chiefly have income from qualified dividends and long-term capital gains (and therefore have lower than a 30% effective rate) would see a significant tax increase.

- **Restore the 2009 transfer tax parameters.** Beginning in 2018, the transfer tax provisions that were in effect in 2009 would be restored. The top transfer tax rate would thus be 45% instead of 40%; the estate tax exclusion and generation-skipping transfer tax (GST) exemption would be $3.5 million, and the gift tax exclusion would be $1 million (these amounts would *not* be indexed for inflation). In computing gift or estate tax liability with respect to these reduced exclusions, taxpayers would not be affected by "clawback." That is, they wouldn't be subject to additional tax if they had taken advantage of the previous (higher) exclusion amounts (in 2013, the applicable exclusion amount (AEA) against gift and estate tax is $5.25 million, and is indexed for inflation; the GST exemption equals the AEA). "Portability," which allows a surviving spouse to effectively "inherit" the deceased spouse's unused AEA, would continue.

  Comments. Despite President Obama's urging to the contrary, the American Taxpayer Relief Act of 2012 (ATRA), enacted on January 2, 2013, made permanent most of the transfer tax provisions that were in effect in 2011 and 2012: a $5 million exclusion amount, indexed for inflation, against gift and estate taxes and GST, and portability. (ATRA increased the top transfer tax rate from 35% to 40%.) In other words, Congress just "permanently" stabilized transfer taxes, and is probably not eager to revisit them anytime soon. Yet the budget proposes relitigating the issue, and reverting to the 2009 regime – but not until 2018. Perhaps this is more protest than blueprint.

- **Require consistent basis for transfer tax and income tax.** The basis of inherited property would have to equal the property's estate tax value, and the basis of property received by lifetime gift would have to equal the donor's basis. Although these are, in fact, generally the current rules, the proposal would require executors of estates and donors of lifetime gifts to report the property's value and basis to both the recipient and the IRS.

- **Require a minimum term for Grantor Retained Annuity Trusts (GRATs).** To limit the effectiveness of GRATs, which are designed to pass potential appreciation at little or no gift-tax "cost," GRATs would be required to have: 1) a minimum term of 10 years and a maximum term of the annuitant's life expectancy plus 10 years; 2) at least some gift at the trust's creation (i.e., no more "zeroed-out" GRATs); and 3) no declining annuity during the trust's term.

- **Limit the duration of the GST exemption.** A trust that is protected from generation-skipping transfer tax would lose that protection after 90 years, when GST would again apply to the trust.

- **Coordinate income and transfer tax rules regarding grantor trusts.** The grantor of a "grantor trust" is responsible for paying the trust's income taxes. Such trusts are often includible in the grantor's estate (as in a "revocable trust" or a GRAT). A trust that is *not* includible in the grantor's estate but for which the grantor is responsible for paying the income taxes is a "defective" grantor trust. Transactions between the grantor and his grantor trust are not recognized for income tax purposes, so that if, for example, the grantor sells appreciated property to a defective grantor trust in exchange for an interest-

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bearing note – known as a "sale to a defective grantor trust" – the sale does not trigger capital gains taxes and the grantor is not taxable on the trust's interest payments to him. Such transactions can pass significant potential appreciation to the grantor's heirs free of gift tax and generation-skipping transfer tax.

To eliminate this planning technique, the proposal provides that if the deemed income tax owner of a trust (this could be the grantor or a beneficiary) "engages in a transaction with that trust that constitutes a sale, exchange, or comparable transaction," then the portion of the trust attributable to this transaction (along with income or appreciation on the property): 1) would be includible in the deemed owner's estate; 2) would be subject to gift tax if the deemed owner ceased to own the trust during life; and 3) would be treated as a gift from the deemed owner if, during the owner's life, distributions were made from the trust to another person. Any gift or estate tax triggered by the proposal would be payable from the trust. The proposal would not apply to trusts that are already includible in the grantor's estate, "rabbi trusts" (non-qualified deferred compensation plans that are subject to claims of the grantor's creditors) or trusts that are grantor trusts solely because the trust's income can be used to pay insurance premiums on the life of the grantor or the grantor's spouse (i.e., insurance trusts that are designed to remove insurance proceeds from an insured's estate).

Comments. Last year was the first appearance of this proposal to unify income and transfer tax rules for grantor trusts. It was so broadly worded that it would have caught existing trusts, such as insurance trusts. This new iteration simply targets sales to defective grantor trusts.

- **Extend the lien on estate tax deferrals.** The tax law allows the estate tax on certain closely held business interests to be deferred for up to 15+ years from the decedent's death. Another provision of the tax law imposes what is generally a ten-year lien on the estate's assets to ensure payment of the estate tax. Because that lien can expire before the estate tax is paid, it may be difficult for the IRS to collect those tax dollars. The proposal would extend the lien through the permitted deferral period.

- **Clarify the GST treatment of "HEETs."** Donors can make direct payments of tuition and medical expenses free of gift tax. If that donor is a grandparent, for example, such payments are also free of generation-skipping transfer tax. Specifically, the tax law provides that the GST will not apply to "any transfer which, if made inter vivos by an individual [i.e., during the donor's life], would not be treated as a taxable gift" because it is a direct payment for tuition or medical expenses. This language has been read to mean the following: GST will not apply to a trust's direct payments for, say, a grandchild-beneficiary's tuition or medical expenses, even though the trust is otherwise subject to GST.

  Some planners have taken this understanding a step further with "HEETs," or Health and Education Exclusion Trusts. These trusts purportedly are fully protected from GST, despite not having any GST exemption allocated to them. That is, because charity has an ongoing "substantial" income interest in the HEET (say, 10%), gifts into the trust are not subject to GST, and GST won't apply when one generational level of beneficiaries dies off. In addition, trust distributions on behalf of beneficiaries such as grandchildren can only be made for tuition or medical expenses, and are therefore GST-exempt. The proposal says that it would "clarify" that this GST exclusion for direct payments of tuition or medical expenses only applies to payments made by a *living* donor, and not from a trust. The proposal would apply to trusts created after the bill proposing this change is introduced in Congress, and to transfers after that date made to pre-existing trusts.

  Comments. The desire to "clarify" this special exclusion reflects the perception that HEETs are abusive, given the proposal's recommended effective date (introduction, rather than enactment, of legislation). Despite this perception, however, it is worth noting that trusts that typically take advantage

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of direct payments for tuition and medical expenses *are* subject to GST but for this special exclusion. Also, although HEETs have been written about in planning publications, it is unclear how often they are actually implemented: donors who use their GST exemption for multi-generational trusts often feel that they've done "enough" for those lower generations, and may lack the charitable intent necessary for the HEET to work. In addition, given life's uncertainties, trust creators may be reluctant to limit trust distributions to tuition and medical expenses only.

- **Tax "carried" (profits) interests as ordinary income.** In exchange for their services on behalf of hedge funds and private equity funds, managers of these entities are often compensated with what are called "carried interests," or profits from the entity. Because these profits interests are structured as partnership interests, they pass through long-term capital gain to the partners/managers, and are therefore taxed at preferential rates. The proposal would not recharacterize the treatment of a partner's *investment* in the entity, but would tax as ordinary income what is viewed as compensation for the partner's investment management services for the partnership. Thus, a partner's share of income in an "investment services partnership interest" (ISPI), regardless of how the income is characterized at the partnership level, would be taxed as ordinary income, and would also be subject to self-employment tax. An ISPI is an interest in future profits of an "investment partnership"; an investment partnership is one in which substantially all of the entity's assets are investment-type assets, such as certain securities, real estate, interests in partnerships, commodities, cash or cash equivalents, or derivative contracts related to those assets.

- **Tighten up conservation easements.** Donors of conservation easements typically get a charitable deduction for the permanent restrictions they put on property that will be used exclusively for conservation purposes. Recent court decisions have upheld large deductions for easements preserving recreational amenities, including golf courses, surrounded by upscale homes. These contributions have raised concerns that the deductions claimed are excessive and seem to promote private interests rather than bona fide conservation activities. The proposal would prohibit a deduction for a conservation easement on a golf course. A second proposal would address historic preservation easements, and would disallow a deduction for restricting the "upward development" of an historic building, since such development is typically already restricted under local ordinances. In addition, conservation easements on buildings listed in the National Register would need to comply with the same (more stringent) rules applicable to buildings in a registered historic district.

- **Limit protracted payout for non-spouse beneficiaries of IRAs and retirement plans.** Under current law, a non-spouse beneficiary of an IRA or a retirement plan (such as a 401(k)) must begin taking "required minimum distributions" (RMDs) from the account the year after the account owner's death, but can spread those distributions out over her life expectancy. Thus, if widowed Mom names Child as beneficiary of her IRA, for example, and Child is 40 when Mom dies, Child's RMDs can last over 40 years, assuming those are the only distributions Child takes from the account. The proposal would change this rule, and in general would require that non-spouse beneficiaries withdraw the balance of the retirement account within five years after the owner's death. (Certain exceptions would apply for "eligible" beneficiaries, such as those who are disabled, chronically ill or a child under the age of majority.) The reason for the proposed change is that retirement accounts were intended to benefit owners and their spouses, and not heirs such as children and grandchildren.

  Comments. It is not surprising to see this proposal, as last year, something similar was in a highway bill, but was then pulled. Given the need for revenue, limiting the generous protracted payouts currently permitted for non-spouse beneficiaries seems like low-hanging fruit. If enacted, the proposal would potentially make it less attractive for owners of substantial traditional IRAs to convert that IRA into a Roth

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IRA, so as to provide, say, children and grandchildren with long-term income-tax free annuities. Nevertheless, even if those beneficiaries had to take the balance of the Roth IRA within five years of the owner's death, they still would be receiving income-tax free dollars – something that would not be the case if they had simply "inherited" a traditional IRA with its built-in income tax liability. In other words, by converting a traditional IRA into a Roth IRA, the owner is accomplishing something akin to what happens with a defective grantor trust (see above): relieving the beneficiaries of an income tax liability they would otherwise have to pay.

- **Limit the size of retirement benefits.** Under current law, there are limits as to how much individuals can accrue under a defined benefit plan (such as a pension plan), or how much they can contribute to IRAs and various defined contribution plans, such as 401(k)s. There are no limits, however, as to how much individuals can accumulate in these tax-preferred accounts. Because of this, the proposal explains, individuals can accumulate more than is needed to fund "reasonable levels of consumption in retirement…well beyond the level of accumulation that justifies tax-advantaged treatment of retirement savings accounts." The proposal would therefore cap the size of a taxpayer's various retirement accounts by barring additional contributions (or accruals) if, in total, the accounts exceeded what was necessary to provide the maximum annuity permitted for a defined benefit plan: currently $205,000 per year for a hypothetical 62 year-old and her spouse (this equates to accumulations of about $3.4 million). When a taxpayer's accounts hit that ceiling, they could still grow through investment returns, but additions to the accounts would only be allowed if the maximum permitted annuity increased, or the taxpayer's investment returns for a given year were less than the actuarial assumptions underlying the annuity. If an addition put a taxpayer's accounts over the ceiling, the taxpayer would include that excess in income, and have a grace period to withdraw it; if the taxpayer did not withdraw the excess, then that amount and attributable earnings would be subject to income tax when distributed, even if the distribution was from a Roth IRA or a Roth 401(k).

  Comments. This new proposal seems to be a reaction to this fall's presidential elections and the significant retirement accounts of one of the contenders. Nevertheless, it is not an excise tax to whittle down significant accounts, but a prohibition on additional contributions (or accruals). As Treasury Secretary Lew has pointed out, we're not saying you can't save for retirement, we're just saying that such large amounts shouldn't be tax-preferred. Still, will Congress really be inclined to limit how much taxpayers can accumulate in their retirement accounts, especially when a rising interest rate environment would make the permitted accumulation smaller? Although anything is possible, particularly if tax reform really comes about, Congressional sentiment might be against what could be viewed as "penalizing" successful savers.

- **Replace Consumer Price Index (CPI) with Chained CPI.** Every year, the IRS issues inflation-adjusted numbers for a variety of provisions, such as the income thresholds for the individual income tax rate brackets, personal exemptions, and income thresholds and phase-out ranges for various deductions, exclusions and tax credits. The proposal states that the CPI overstates the effects of inflation because it doesn't fully reflect consumer reaction to price changes (as in, if prices go up, consumers will buy something cheaper). A "chained" CPI would "account more fully for this substitution effect" and better reflect changes in the cost of living. The proposal would take effect as of 2015.

  Comments. Just as the proposal to limit tax benefits for income that would be taxed at higher than 28% would raise taxes on some of those President Obama has previously pledged to protect (see above), a chained CPI would also raise taxes for everyone, in that tax brackets (and other tax benefits, such as personal exemptions) would increase more slowly. Similarly, a chained CPI would reduce cost-of-living increases for Social Security recipients – again something that would affect those the President has pledged to protect. Although this proposal represents an attempt at balance, Republicans and Democrats generally seem to dislike it, but for different reasons.

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Legislative prospects? Where these proposals go may be a function of what happens with possible tax reform – and the prospects of that are…unknown. Rep. Dave Camp (R-MI), Chairman of the House Ways & Means Committee has been holding hearings, and issuing a number of legislative proposals that are designed to elicit comments and prod tax reform. Sen. Max Baucus (D-MT), Chairman of the Senate Finance Committee, has also been pursuing tax reform, but has recently announced his retirement. Does that put him in a better or worse position to achieve this goal? Time will tell. But trying to reconcile the Republican desire for lower rates and a broader tax base with the Democratic desire for higher taxes on those they feel can best afford them will not be easy. Considering the country's pressing fiscal needs, however, it's hard to imagine that tax revenues won't have to go up at some point. The question is how, and whose ox gets gored.

May 7520 rate issued

The IRS has issued the May 2013 7520 rate. It is 1.2%, a drop of 0.20% (20 basis points) from April's rate of 1.4%. May's annual, semiannual, quarterly and monthly mid-term rates are all 1%, a 0.09% (9 basis points) drop from April's annual, semiannual, quarterly and monthly mid-term rates, which were all 1.09%.

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RESUME OF JACK J. GRYNBERG
(July 2014)

EDUCATION

Colorado School of Mines, Golden, Colorado
Professional Degrees:

1/1950-5/1952	Master of Engineering* (Petroleum Refining (Chemical) Engineer)
8/1952-5/1953	Completed Graduate Studies for a Doctor of Science in Geophysical Engineering except thesis
1/1959-5/1959	Master of Engineering* (Professional Degree as Petroleum (Production) Engineer)
5/1976	Honorary Degree and Distinguished Achievement Medal in the Field of Mineral Engineering
3/1976-3/1981	Member Board of Trustees, Colorado School of Mines, Golden, Colorado

*Formerly Professional Engineer's Degree

REGISTERED PROFESSIONAL ENGINEER

Active and in Good Standing:

Colorado	Registration No. 29586
Oklahoma	Registration No. 3663
South Dakota	Registration No. 5582
Texas	Registration No. 14578
Utah	Registration No. 9089260-2202

PROFESSIONAL EXPERIENCE

2014	Chairman, President and CEO, MOST Power, LLC
2007-Present	Founder, President and CEO, MOST Ethanol Company, LLC
2006-Present	Chairman, President and CEO, Superior Energy Company, Inc.
2005-Present	President and CEO, GADECO, LLC
1996-Present	Chairman, President and CEO, RSM Production Corporation
1990-Present	President and CEO, Pricaspian Development Corporation
1990-Present	Founder of a number of oil & gas and gold ventures exploration and development in the former Soviet Union
1988-Present	Active in international oil and natural gas and gold in the former Soviet Union, Middle East, Africa, Far East and Latin America
1985-Present	President and CEO, Grynberg Production Corporation
1980-Present	Chairman and CEO, Transworld Resources Corporation
1962-Present	Independent Oil, Gas, and Mineral Operator, U.S.A. Domestic operations within the continental United States with oil and gas production and exploration in California, Colorado, Louisiana, Michigan, Mississippi, South Dakota, Montana, New Mexico, North Dakota, Oklahoma, Texas, Utah and Wyoming
1954-Present	President, Grynberg Petroleum Company and its predecessor, Jack Grynberg and Associates
1976-1982	President and CEO, Olympic Uranium Company. Uranium exploration and development, U.S.A.

1974-1981	Founder, Chairman and CEO, Universal Drilling Company and Universal Drilling Services, Inc., a 6-rig drilling contractor with 10,000 to 22,000 foot rigs. Companies sold in 1981
1974-1981	President and CEO, Universal Drilling S.A., Panama
1973-1974	President, Hess Exploration Company (affiliate of Amerada Hess), beneficiary of 20% credited interest
1969-1976	Founder and Principal Stockholder (76%), Chairman, President and CEO, Oceanic Exploration Company, a public company engaged in off-shore and onshore oil, gas and mineral exploration and production in the following areas outside the continental United States: British North Sea, Dutch North Sea, Cameroon, Greece, Madagascar, Malaysia, Nicaragua, Peru, Timor and Taiwan. A public company whose stock was traded over the counter. Company sold in 1981.
1954-1962	Partner (60%-owner), Pirson-Grynberg Associates Through this partnership with Dr. Sylvain J. Pirson, jointly conducted 2-week intensive well log interpretation and 4-week advanced reservoir engineering courses in the U.S.A. (Austin, Texas and Denver, Colorado), Canada, Venezuela, England, France, Italy and the Middle East.
1954-1962	Owner, Jack Grynberg and Associates, Consulting petroleum, petrophysical, geological and geophysical engineers
1953-1954	Research Engineer, Research and Development Department, Continental Oil Company, Ponca City, Oklahoma

PROFESSIONAL ATTAINMENTS, APPOINTMENTS AND MEMBERSHIPS

Patent Holder:	United States Patent #4,492,862 - January 8, 1985 "Method and Apparatus for Analyzing Components of Hydrocarbon Gases Recovered from Oil, Natural Gas and Coal Drilling Operations" Invented by: Jack J. Grynberg, Leonard Y. Nelson and Stephen E. Moody
Appointments:	Appointed by Colorado Governor Richard Lamm to the Board of Trustees, Colorado School of Mines, March 1975 to March 1981
	Appointed to the International Board of Advisors, Gubkin State Oil and Gas University, Moscow, Russia-1992
	Appointed to the Presidential Council, Colorado School of Mines, 1989-Present
	Committee on Nuclear and Alternative Energy Systems of the National Academy of Sciences and National Academy of Engineering -- Presidential Appointments by President Gerald Ford (1974-1976) and President Jimmy Carter (1976-1980)
	Appointed by President Bill Clinton to panel consisting of chief executives of American oil and gas companies to represent the American oil and gas industry in the Russian Republic in order to enhance American-Russian oil and gas joint ventures, 1994.
Speaking Invitations:	Speaker at 6th African United Nations Oil & Gas, Trade & Finance Conference in Douala, Cameroon, October 2002

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Represented the U.S. Department of Energy and U.S. Department of Commerce at 7th African United Nations Oil & Gas, Trade & Finance Conference in Luanda, Angola, and made a presentation on behalf of the U.S. Government, May 2003

Speaker at African Petroleum Forum in London, England, March 2004

Speaker at 8th African United Nations Oil & Gas, Trade & Finance Conference in Marrakech, Morocco, April 2004

Speaker at 10th Annual Latin Oil & Gas 2004 Conference in Rio de Janeiro, Brazil, June 2004

Speaker at African Petroleum Forum in Houston, Texas, April 14-15, 2005

Speaker at Africa Energy Forum 2005 in Barcelona, Spain, June 22–24, 2005

Speaker at Upstream Oil & Gas Summit at Amelia, Island, Florida, February 5–7, 2006; topic "Effective Strategies to Deal with the Top Challenges of Remote Supply Markets"

Speaker and Chairman of a Gas21 Session at Africa Energy Forum 2006 in Lille, France, June 28-30, 2006; topic "The Gas Potential of Africa"

Speaker at Tribal (American Indian) Energy in the Southwest Conference in Albuquerque, New Mexico, December 11-12, 2006

Speaker at a Gas21 Session at the Africa Energy Forum 2007 in Hamburg, Germany, June 27-29, 2007

Member of Market Watch Panel and Speaker on "African Bio-Fuels Potential" at Africa Energy Forum 2008 in Nice, France, July 2-4, 2008

Principal speaker at National Association of Royalty Owners (NARO) 28th Annual Convention on "Mismeasurement and Shortchanging of Royalty Owners by Gas Pipeline Companies and Oil Companies" in Little Rock, Arkansas, September 18-20, 2008

Speaker at Energy Freedom Summit on "Biofuels: Ethanol, Biodiesel , Methanol, Compressed Natural Gas (CNG) and Gas to Liquids (GTL)" in Chicago, Illinois, October 24-25, 2008

Chairman and Speaker on "Gas Value" and on "Trading African Biofuels," plus gave presentation on "Biofuels: Ethanol, Biodiesel, Methanol, Compressed Natural Gas (CNG), Gas to Liquids (GTL), and Flex Fuels" at the Africa Energy Forum in Bordeaux, France, June 30-July 2, 2009

Chairman of "Investment Opportunities and Risks" Session at AfricaGAS at the Africa Energy Forum 2010 in Basel, Switzerland, June 29-July 1, 2010

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Speaker at Africa Energy Forum 2011 in Paris, France, on "Natural Gas Potential of Africa," June 13-15, 2011

Speaker at Platts 1st Annual Biofuels Conference in Amsterdam, The Netherlands, on "Advances in Biofuel Feedstocks for African Development," June 28-29, 2012

Speaker at Merrick & Company 2nd Annual Bioprocessing Conference in Denver, Colorado, on "Cassava and Plantains-Biofuels Feedstocks for Africa," Sept. 10, 2012

Memberships:

National Society of Professional Engineers
Society of Exploration Geophysicists (SEG)
American Association of Petroleum Geologists (AAPG)
American Institute of Mining and Engineers (AIME)
Society of Petroleum Engineers (SPE) - Legion of Honor Member
Association of International Petroleum Negotiators
European Society of Exploration Geophysicists (ESEG)*
Rocky Mountain Association of Geologists (RMAG)
American Petroleum Institute (API)*
Member Board of Trustees, Colorado Energy Research Institute, March 1975 to March 1981
Honorary Consul, Republic of Panama, 1974-1986
Member, Uranium Subpanel of Supply and Delivery Panel

***Member Emeritus**

PUBLICATIONS

"Induction Log Departure Curves for No Invasion" (Oil Base Mud or Air)
By: Jack J. Grynberg - 1953

"The Microlog - Its Application and Interpretation"
By: Jack J. Grynberg and Leendert de Witte - 1954

"Quantitative Electric Log Interpretation of "D" and "J" Sands–Denver Basin"
By: Jack J. Grynberg - 1956

""The Continuous Dipmeter"
Articles in April 1 and 22, 1957, The Oil and Gas Journal
By: Jack J. Grynberg and Morris I. Ettinger

"Log Interpretation Charts"
By: Sylvain J. Pirson and Jack J. Grynberg - 1958

"Selected Well Logging Problems for Geologists and Petroleum Engineers"
By: Sylvain J. Pirson and Jack J. Grynberg – 1958

"DST - Success or Failure?"
Article in June 22, 1959, The Oil and Gas Journal
By: Jack J. Grynberg

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"Log Interpretation Manual Number 2"
Supplement-A-Ri-Rt Conversion Charts
Based on Lectures by Jack J. Grynberg and Sylvain J. Pirson – 1960

"Handbook of Well Log Analysis"
McGraw-Hill - 1964
Based on Lectures by Sylvain J. Pirson and Jack J. Grynberg

"Application of Water Resistivity Data"
By: Jack J. Grynberg and B.L. Carlberg - 1974

Study of Nuclear and Alternative Energy Systems
Supporting Paper 1 - 1978
"Problems of U.S. Uranium Resources and Supply to the Year 2010"
By: The National Research Council, The National Academy of Science
By: Leon T. Silver, Jack J. Grynberg, David S. Robertson, Joseph B. Rosenbaum and Arnold J. Silverman
Study of Nuclear and Alternative Energy Systems
"U.S. Energy Supply Prospects to 2010" - 1979
By: The National Research Council, National Academy of Science
By: Jack J. Grynberg and others.

LANGUAGES

English, French, German, Polish, Russian and Hebrew

LEGISLATION

H.R. 501 - Sections 801 and 802, "Study of Actions to Improve the Accuracy of Collection of Federal Oil, Condensate, and Natural Gas Royalties Act of 2011"
H.R. 3534 titled "Study of Actions to Improve the Accuracy of Collection of Royalties"
H.R. 2152 titled "Foreign Business Bribery Prohibition Act of 2009"
GAO-10-313 Report issued March 2010, "Interior's Oil and Gas Production Verification Efforts do not Provide Reasonable Assurance of Accurate Measurement of Production Volumes"

MILITARY SERVICE

Resistance against Nazis, 1943-1944
Volunteer, Israel's War of Independence, 1947-1949
U.S. Army Corps of Engineers; U.S. Army Research and Development Command, Soviet Radioactive Warfare Section, and worked as a scientific spy 1956-1957
Honorable Discharge

PERSONAL

U.S. Citizen, born January 21, 1932, Brest, Poland
Married June 1959 to Celeste C. Bachove
Three (3) children and three (3) grandchildren

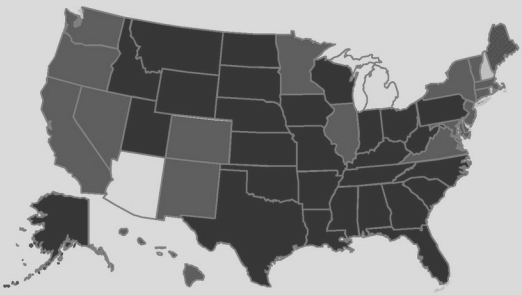
Election 2016: Trump Wins Presidency, Republicans Hold Congress

Washington Council Ernst & Young 9 November 2016

After the most tumultuous and unpredictable campaign in modern history, Republican Donald Trump upset Democrat Hillary Clinton to win the Presidency, claiming at least 279 electoral votes (270 electoral votes to win) to Clinton's 228, with results in Arizona, Michigan, and New Hampshire still outstanding, according to the Associated Press. The popular vote margin remains close, with Trump currently trailing by approximately 200,000 votes out of a total of almost 120 million votes that have been counted. Clinton's blue wall of support was pierced by Trump with unexpected wins in Pennsylvania and Wisconsin. He also won the needed battleground states of Florida, Ohio, and North Carolina. With fewer losses than expected, Republicans will retain their majorities in the House and Senate, thereby controlling both ends of Pennsylvania Avenue.

Clinton, who called Trump last night to concede the race, said this morning, "I offered to work with him [Trump] on behalf of our country" and "our nation is more deeply divided than we thought," but went on to say, "we stand together..and our best days are still ahead of us." In his remarks shortly before 3:00 AM, President-elect Trump said, "It is time to bind the wounds of division. It is time for us to come together as one united America." He went on to say that it was "not a campaign, but an incredible movement." And, alluding to his policy agenda, Trump said we "would be working together to begin the task of rebuilding our nation and renewing the American dream." Trump has touted an agenda of revitalizing the economy and promoting job growth by reforming the tax code, rebuilding America's infrastructure, repealing and replacing "Obamacare," and being "tough" on immigration and in renegotiating international trade agreements.

Maintaining the Senate majority will give Republicans the ability to set the agenda in the Senate. However, bipartisan cooperation still will be necessary to achieve meaningful policy accomplishments as Senate rules generally require a 60-vote threshold for movement on most issues. An early challenge may be filling the Supreme Court vacancy created by the death of Antonin Scalia in early 2016 –one that could spark fireworks on Capitol Hill and across the country's highly charged political environment. How Republicans, Democrats, and Trump navigate through the process of nominating and confirming a new Justice to the Supreme Court is likely to set the tone in the Senate for the next two years. The nature of Speaker Paul Ryan's relationship with President-elect Trump and his often unruly House Republican Conference is not clear at this time. However, the House Republican "Better Way" agenda, which was developed in consultation with the Trump campaign, is now a focal point for congressional action.



Electoral votes	
Trump	Clinton
279	228

Leaning Democratic

Leaning Republican

EY

Building a better working world

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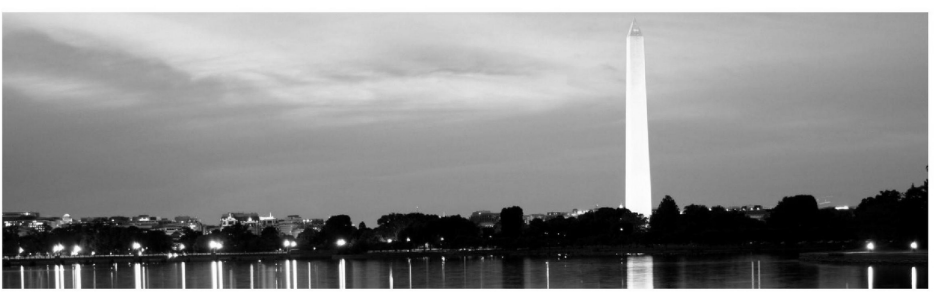

HOUSE_OVERSIGHT_022373

Election results

With Republicans set to control the White House, Senate, and House of Representatives for the session of Congress beginning in January 2017, the lame-duck session of the current Congress between now and the end of this year seems likely to be limited to keeping the government funded beyond the expiration of the current continuing resolution on December 9, 2016. President-elect Trump and the Republican Congress are certain to provide ambitious policy agendas with plenty of proposals to analyze and the need for significant legislative activity. However, it remains to be seen where Democrats and Republicans, particularly in the Senate, will be able to forge compromise.

With 24 of the 34 Senate seats up for election on November 8th held by Republicans, and many of those seats quite vulnerable, retaining control is a major victory for Senate Majority Leader Mitch McConnell (R-KY) and his Republican majority. Currently, Republicans are expected to hold at least 51 seats in the new congress, with Senator Kelly Ayotte's (R-NH) reelection bid in New Hampshire still undecided. In Louisiana, State Treasurer John Kennedy (R) received 25 percent of the vote and Foster Campbell (D), a member of the Louisiana Public Service Commission, received 17%in a crowded 24 candidate "jungle primary" to advance to a runoff election to be held on December 10, 2016. Senior House Ways and Means Committee member Charles Boustany (R-LA) fell just short in his quest to make the two-candidate runoff receiving 15%of the vote. While the Louisiana seat is technically undecided, the state went strongly Republican in the Presidential election and Kennedy is heavily favored to hold the seat.

Illinois Senator Mark Kirk (R-IL) lost his race to Rep. Tammy Duckworth (D-IL). In Indiana, Rep. Todd Young (R-IN) won his race against former Democratic Senator Evan Bayh (D-IN) to succeed retiring Senator Dan Coats (R-IN). In Nevada, Catherine Cortez Masto (D-NV) beat Rep. Joe Heck (R-NV) to hold the seat of retiring Senate Democratic Leader Harry Reid (D-NV). In other notable races:

- Ohio: Once ground zero for Senate control, Senator Rob Portman (R-OH) easily beat former Governor Ted Strickland (D-OH).
- North Carolina: In a race that was consistently within the margin of error in recent days, Senator Richard Burr (R-NC) held onto his seat against former state legislator Deborah Ross (D-NC).
- Pennsylvania: Behind in most recent polling, Senator Pat Toomey (R-PA) prevailed against former federal and state environmental official Katie McGinty (D-PA).

Select Senate race results	
Arizona	
Kirkpatrick	
McCain	✓
Colorado	
Bennet	✓
Glenn	
Florida	
Murphy	
Rubio	✓
Illinois	
Duckworth	✓
Kirk	
Indiana	
Bayh	
Young	✓
Missouri	
Kander	
Blunt	✓
Nevada	
Cortez Masto	✓
Heck	
New Hampshire	
Hassan	
Ayotte	?
North Carolina	
Ross	
Burr	✓
Ohio	
Strickland	
Portman	✓
Pennsylvania	
McGinty	
Toomey	✓
Wisconsin	
Feingold	
Johnson	✓

HOUSE_OVERSIGHT_022374

Election results

Along with the House GOP majority, Senate Republicans will unambiguously set the agenda in the new Congress. However, with a closely divided Senate, Republicans will be well short of the 60 votes necessary under the Senate rules to bring debate to a close (cloture) and advance controversial legislation without votes from the other party. Narrow Republican and Democratic majorities in the recent past have both found their legislative agendas stalled unless they were willing to compromise to attract bipartisan support.

One area where 60 votes are not required is confirming appointments to the Administration and the Federal courts, with the exception of the Supreme Court. There could be speculation about whether Senate Republicans would consider a rules change to create a 51 vote threshold for Supreme Court nominees, also known as the "nuclear option." But any serious consideration on this front is far from certain.

Republican House losses in the election were minimized for a number of reasons, including the Republican turnout for Donald Trump, the relatively static map created by the post-2010 redistricting process, and highly localized campaigns run by Republican House Members in marginal districts where support for Trump was weaker. With a loss in the single digits, the GOP majority goes from 246 members to somewhere in the 230s, giving Republicans a margin of 20 or so seats versus the current 30.

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Senate profile

Current Majority Leader McConnell will stay in the post after successfully working this past session to keep the Senate in Republican hands, while Senator Charles Schumer (D-NY) will take over for retiring Senator Reid after 12 years as Democratic Leader. Given that Republicans held control of the Senate, McConnell will spend the next two years working toward a filibuster-proof 60-vote majority in the 2018 elections, when 25 Democratic or Independent seats are up for re-election, compared with only eight Republicans. Schumer will likely try to reach some compromises with Republicans while distinguishing his party ahead of 2018, and will likely be pulled left, with the influence of Senators Elizabeth Warren (D-MA) and Bernie Sanders (D-VT).

Leadership elections are expected to be held on Wednesday, November 16, and committee ratios, likely to be close to what they are now, will be determined soon after the Senate reconvenes. Predicting the chair and ranking members of Senate committees immediately after an election is speculative because members with seniority will be able to choose between chairmanships and must adhere to Senate Republican committee leadership term limits. Republican senators may serve as chairman for six years and six years as ranking member for any one committee, on a cumulative basis. Following is a discussion of expected select committee chairmen and membership for 2017. An added complication could arise should sitting Republican senators be tapped for cabinet positions in the Trump administration.

AGRICULTURE, NUTRITION, AND FORESTRY (Same leadership as 114th Congress)	
Chairman Pat Roberts (R-KS)	Ranking Member Debbie Stabenow (D-MI)

APPROPRIATIONS	
Chairman Thad Cochran (R-MS)	Ranking Member ?????

Several Democrats on the committee with significant seniority are in line to choose other ranking positions: Leahy - Judiciary; Murray - HELP; Feinstein - Intelligence; Durbin, who serves as the Assistant Democratic Leader, and doesn't take a ranking member position on a major committee; and Jack Reed - Armed Services. However, given the importance of the Appropriations Committee and its responsibility for preparing bills to fund the government, it would be surprising that the ranking position would be very far down that list.

ARMED SERVICES (Same leadership as 114th Congress)	
Chairman John McCain (R-AZ)	Ranking Member Jack Reed (D-RI)

BANKING, HOUSING, AND URBAN DEVELOPMENT	
Chairman Mike Crapo (R-ID)	Ranking Member Sherrod Brown (D-OH)

Senator Richard Shelby (R-AL) has served his six-year limit as Chairman.

BUDGET	
Chairman Mike Enzi (R-WY)	Ranking Member Bernie Sanders (I-VT)

If Senator Murray retains the ranking slot on HELP, former presidential candidate Sanders will continue to fill the ranking member role.

COMMERCE, SCIENCE, AND TRANSPORTATION (Same leadership as 114th Congress)	
Chairman John Thune (R-SD)	Ranking Member Bill Nelson (D-FL)

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Senate profile

ENERGY AND NATURAL RESOURCES (Same leadership as 114th Congress)	
Chairman Lisa Murkowski (R-AK)	Ranking Member Maria Cantwell (D-WA)

ENVIRONMENT AND PUBLIC WORKS (Same leadership as 114th Congress)	
Chairman John Barrasso (R-WY)	Ranking Member Tom Carper (D-DE)

Jim Inhofe (R-OK) has exhausted his six-year limit. Senator Barbara Boxer (D-CA), the current ranking member of EPW, is retiring. Senator Carper could opt for the post over his current position on the Homeland Security and Governmental Affairs Committee. If Carper decides to stay at HSGA, Senator Ben Cardin (D-MD) would have the option of ranking member of EPW or Foreign Relations. If Cardin should choose Foreign Relations, Senator Sanders would be next in line for the ranking member position. Barrasso can be expected to continue the criticisms of current Chairman Inhofe of EPA regulations and their effect on US energy development and the energy industry.

FINANCE (Same leadership as 114th Congress)	
Chairman Orrin Hatch (R-UT)	Ranking Member Ron Wyden (D-OR)

Senator Hatch will continue to serve as Chairman by way of an agreement reached with Senator Grassley, who is actually more senior to Senator Hatch on the Committee. (Grassley will serve as Judiciary Chairman.) Dan Coats (R-IN) is retiring from Congress. Senators Richard Burr (R-NC) and Pat Toomey (R-PA) both won re-election races. Eight Democratic committee members will be running for re-election in 2018: Debbie Stabenow (D-MI), Maria Cantwell (D-WA), Bill Nelson (D-FL), Robert Menendez (D-NJ), Tom Carper (D-DE), Ben Cardin (D-MD), Sherrod Brown (D-OH), and Bob Casey (D-PA).

FOREIGN RELATIONS (Same leadership as 114th Congress)	
Chairman Bob Corker (R-TN)	Ranking Member Ben Cardin (D-MD)

HEALTH, EDUCATION, LABOR, AND PENSIONS	
Chairman Lamar Alexander (R-TN)	Ranking Member Patty Murray (D-WA)

If Senator Murray opts for ranking member of Appropriations, Senator Sanders would be in line to be ranking member of HELP where he could be expected to use the position to highlight income inequality.

HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS	
Chairman Ron Johnson (R-WI)	Ranking Member Claire McCaskill (D-MO)

Senator McCaskill will get the ranking member position if Senator Tom Carper (D-DE) opts for ranking member of EPW.

JUDICIARY	
Chairman Charles Grassley (R-IA)	Ranking Member Patrick Leahy (D-VT)

Senator Leahy will have the option of choosing ranking member of either Appropriations or Judiciary. Most think that with the expectation of at least one Supreme Court nomination and immigration reform legislation in the next two years, he will opt to stay in the ranking position on Judiciary.

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House profile

By retaining control of the House and Senate, with the loss of only a few seats, and winning the White House, Republicans believe they have a mandate to govern. The potential for a Freedom Caucus challenge to Paul Ryan's leadership is unlikely given the party's strong showing. The path is clear for the Speaker to pursue the policy actions described in the "Better Way" policy platform developed earlier this year and promoted through the ubiquitous presence of a pamphlet describing the plan that he used during the campaign and press appearances. That effort generated interest from Trump, who adapted his tax plan to reflect some of the proposals.

The week following the elections and prior to Thanksgiving will be focused on internal party organizational issues, including the election of party leadership, and discussion around Republican conference and Democratic caucus rules and the makeup of the Steering Committee, which will determine committee assignments. The leadership of the chamber will be decided in closed-door meetings during this time, with a formal floor vote for Speaker in January. Some Steering Committee decisions regarding committees are likely to take place after Thanksgiving and to include ratification of committee chairmanships and Speaker-appointed committee memberships, as well as appointments of members to vacant slots on "A" committees (including Ways and Means, Energy and Commerce and Financial Services). Ryan and Democratic Leader Nancy Pelosi (D-CA) will conduct a negotiation to determine committee ratios, which would be expected to be close to what they are now.

WAYS AND MEANS (Same leadership as 114th Congress)	
Chairman Kevin Brady (R-TX)	Ranking Member Sander Levin (D-MI)

Republican members Boustany and Young ran for Senate ,and Rep. Robert Dold (R-IL) lost his re-election campaign, leaving three open seats. Republicans under consideration for Committee seats include Reps. Carlos Curbelo (R-FL), Mike Bishop (R-MI), Bradley Byrne (R-AL), Jackie Walorski (R-IN) and Andy Barr (R-KY). Longtime Democratic members Charles Rangel (D-NY) and Jim McDermott (D-WA) are retiring.

ENERGY & COMMERCE	
Chair John Shimkus (R-IL)/ Greg Walden (R-OR)	Ranking Member Frank Pallone (D-NJ)

Rep. Fred Upton (R-MI) will reach his term limit as chairman of the Energy and Commerce Committee and will step down at the end of the current Congress. Rep. Upton noted that he's "not planning to" seek a waiver of the term limits. The two current frontrunners to replace the outgoing chairman include Reps. John Shimkus (R-IL) and Greg Walden (R-OR). Rep. Shimkus has seniority on the committee, but Walden has also generated party support related to his role serving as chairman of the National Republican Congressional Committee for the past two election cycles. Rep. Joe Barton (R-TX) is also expected to run for the Chairmanship. The powerful Republican Steering Committee, consisting of Republican leadership as well as rank-and-file members, will decide in a private meeting who will lead the committee in the 115th Congress. Adding to the leadership shuffle at the Energy and Commerce Committee, the current chairman of the E&C Subcommittee on Health, Rep. Joe Pitts (R-PA), is retiring at the end of the Congress. Rep. Tim Murphy (R-PA) is under consideration to replace him.

EDUCATION & THE WORKFORCE	
Chairman Virginia Foxx (R-NC)	Ranking Member Bobby Scott (D-VA)

Current Chairman John Kline (R-MN) did not seek reelection. He will likely be succeeded as chair of the House Education and Workforce Committee by Rep. Foxx. She has had a limited role on pension and retirement issues, but has been a reliable voice for limited government regulation and joined in opposing the Obama Administration's investment advice regulations. Where Chairman Kline put pension reform high on the committee's agenda, Foxx has not signaled a strong interest in making pension issues a priority.

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House profile

APPROPRIATIONS	
Chairman Rodney Frelinghuysen (R–NJ)	Ranking Member Nita Lowey (D-NY)

BUDGET	
Chairman Tom Price (R-GA)	Ranking Member John Yarmuth (D-KY)

Current ranking Member Chris Van Hollen (D-MD) was elected to the Senate; Yarmuth is expected to replace him.

FINANCIAL SERVICES (Same leadership as 114th Congress)	
Chairman Jeb Hensarling (R-TX)	Ranking Member Maxine Waters (D-CA)

JUDICIARY (Same leadership as 114th Congress)	
Chairman Bob Goodlatte (R-VA)	Ranking Member John Conyers (D-MI)

OVERSIGHT (Same leadership as 114th Congress)	
Chairman Jason Chaffetz (R-UT)	Ranking Member Elijah Cummings (D-MD)

TRANSPORTATION (Same leadership as 114th Congress)	
Chairman Bill Shuster (R-PA)	Ranking Member Peter DeFazio (D-OR)

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Administration and agenda

Looking ahead to the Trump administration and a Republican-controlled Congress, the focus will be on Trump's top priorities: infrastructure, tax reform, dismantling the Affordable Care Act (ACA), and immigration reform. President-elect Trump highlighted his commitment to infrastructure investment during his victory speech early November 9. "We are going to fix our inner cities and rebuild our highways, bridges, tunnels, airports, schools, hospitals," he said. "We're going to rebuild our infrastructure, which will become, by the way, second to none. And we will put millions of our people to work as we rebuild it." Trump would fund infrastructure investment through public-private partnerships and private investments through tax incentives rather than tax reform, though he has called for early action on that issue as well. On October 22, Trump outlined a voter contract for his first 100 days plan that calls for enactment of:

- The Middle Class Tax Relief And Simplification Act (comprehensive tax reform);
- The End the Offshoring Act, to establish tariffs to discourage companies from laying off their workers in order to relocate in other countries and ship their products back to the U.S. tax-free;
- The American Energy & Infrastructure Act, to leverage public-private partnerships and private investments through tax incentives to raise $1 trillion in infrastructure investment over 10 years;
- The School Choice And Education Opportunity Act, to expand primary education options and make college more affordable;
- The Repeal and Replace Obamacare Act, to repeal the ACA and replace it with Health Savings Accounts;
- The Affordable Childcare and Eldercare Act, to allow Americans to deduct childcare and elder care;
- The End Illegal Immigration Act, to fund the construction of a wall on the Mexican border;
- The Restoring Community Safety Act, to reduce crime;
- The Restoring National Security Act, to rebuild the military by eliminating the defense sequester and expanding military investment; and
- The Clean up Corruption in Washington Act, to enact "new ethics reforms to Drain the Swamp and reduce the corrupting influence of special interests on our politics."

As part of the voter contract announced in October, Trump has also pledged to act on his first day in office to "cancel every unconstitutional executive action, memorandum and order issued by President Obama." Trump advisor Anthony Scaramucci said in October that the new administration would repeal the rulemaking on conflicts of interest in the delivery of investment advice to IRA and 401(k) plan investors.

Regulations that have been finalized cannot be unilaterally vacated by executive order without intervening regulatory or legislative action. In order to make changes to final regulations without legislative action, agencies are typically required to follow the administrative procedural process which requires a notice and comment process prior to modifying regulations. If an Administration wishes to repeal or revise a final regulation through the administrative process, the agency may be required to demonstrate that its actions are not "arbitrary and capricious," and based on more than a change in political views. It is possible that a new Administration could dispense with the notice and comment process by moving to issue an interim final rule, replacing the previous regulation. In this situation, the agency could be called on demonstrate that it acted with "good cause" to circumvent the typical notice and comment requirements.

A new Administration could also use its executive power to affect the level of legal defense of challenges to existing regulations provided by the Administration or temporarily refuse to exercise its enforcement responsibilities until compelled through legal action or public pressure.

Trump also intends to immediately begin the process of filling the Supreme Court vacancy created by the death of Antonin Scalia in early 2016 – one that could spark fireworks on Capitol Hill and across the country's highly charged political environment. How Republicans, Democrats, and Trump navigate through the process of nominating and confirming a Justice to the Supreme Court is likely to set the tone in the Senate for the next two years.

Trump also intends to act on trade issues on his first day in office, including:

- announcing his intention to renegotiate or withdraw from NAFTA;
- announcing withdrawal from the Trans-Pacific Partnership; and

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Administration and agenda

- directing Treasury to label China a currency manipulator.

Consistent with Trump's desire to change the way business is conducted in Washington, he also pledges to act on his first day in office to:

- propose a constitutional amendment to impose term limits on all members of Congress;
- require that for every new federal regulation, two existing regulations must be eliminated; and
- impose a five–year ban on White House and congressional officials becoming lobbyists after they leave government service.

(The Trump Contract with the Voter is available at https://assets.donaldjtrump.com/CONTRACT_FOR_THE_VOTER.pdf)

Budget. While President-elect Trump has vowed to act quickly on repeal of the ACA, it is difficult to see how that can be accomplished outside of reconciliation instructions for FY 2018. "When we win on November 8th, and elect a Republican Congress, we will be able to immediately repeal and replace Obamacare. I will ask Congress to convene a special session," he said November 1.

An early focus of attention will be the first Trump budget proposal and the congressional FY 2018 budget resolution. As with the past several years under divided government, a main issue will be how to address the Budget Control Act sequester for FY 2018. According to the Congressional Budget Office, the cap on discretionary budget authority originally established by the Budget Control Act is set at $1.156 billion in 2018, though it will be reduced by automatic procedures unless Congress intervenes. CBO said the reduction will total $91 billion for 2018: $54 billion for defense and $37 billion in 2018 for nondefense. Therefore, total budget authority is slated to be $1.065 trillion, split between $549 billion for defense and $516 billion for nondefense. Both Trump and Speaker Ryan want to eliminate the sequester as it applies to defense, but would likely want to maintain the sequester for non-defense spending.

As reported in Politico last month, Speaker Ryan is bullish on using the "budget reconciliation" process to pass significant tax reform. "This is our plan for 2017," Ryan said, waving a copy of his "Better Way" policy agenda. "Much of this you can do through budget reconciliation." He said key pieces are "fiscal in nature," meaning they can be moved quickly through a budget maneuver that requires a simple majority in the Senate and House.

Use of "Budget Reconciliation" to enact legislation involves a two-step process. First, both Chambers of Congress need to pass a concurrent Budget Resolution (requires only simple majority in the Senate) that contains "reconciliation instructions." These instructions are directions to committees of jurisdiction to change the spending or revenue numbers (or both), and to report back the changes by a date certain. A budget resolution generally is a legislative vehicle that serves as the blueprint for fiscal policy and establishes a framework for consideration of spending and revenue bills for the coming fiscal year. Technically, a budget resolution is a "concurrent resolution" which is binding in the House and the Senate. Because a concurrent resolution is not submitted to the President for signature, it does not have the force of law.

The second part of the process is to pass "reconciliation" bills that adhere to the reconciliation instructions from the budget resolution.

Reconciliation bills can involve changes to spending, revenue, or the debt limit (or any combination of the three). Importantly, these reconciliation bills also only require a simple majority in the House and Senate for passage.

Reconciliation bills carry strict debate time and amendment restrictions, but unlike a budget resolution, reconciliation legislation contains specific spending and revenue policy changes that are signed into law by the President. In the Senate, debate is limited to 20 hours. While only a simple majority is required for passage in the Senate, 60 votes are required to waive violations of the so-called "Byrd rule," which prohibits the inclusion of provisions that increase the budget deficit for the period outside the budget window, usually a 10-year period. An unlimited number of amendments may be offered and voted upon, even after the 20 hours of debate have expired – a process often referred to as a "vote-a-rama".

This process is attractive because of the simple majority vote in the Senate, but carries with it restrictions such as the ten-year expiration for titles of the bill that increase the deficit outside the budget window.

It was used by President George W. Bush to pass significant tax cut legislation in 2001 (the "Bush tax cuts") and is expected to be considered next year for tax reform. Note that the Bush tax cuts were originally sunsetted at the end of ten years due to the Byrd rule. Subsequent legislation passed outside reconciliation process made many of these provisions permanent.

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Administration and agenda

Debt limit. The debt limit will be reinstated after March 15, 2017, though Congress will likely have additional time to either suspend or increase the limit. Extraordinary measures that can be undertaken by the Treasury Department should allow Treasury to continue meeting its financial obligations until at least midsummer of 2017, according to a September 13 posting by the Bipartisan Policy Center. When the debt limit is reinstated, the federal government's accumulated debt will immediately equal the new ceiling, which is projected to be about $20.1 trillion. The optics of the figure surpassing $20 trillion could spur lawmakers to be even more adamant about demands for spending cuts in return for supporting an additional increase or suspension of the debt limit.

FAA reauthorization. The Airport and Airway Trust Fund taxes expire after September 30, 2017, along with Federal Aviation Administration (FAA) spending authority, both of which were last extended in July. Privatization of the air traffic control system was a sticking point in negotiations this year. The FAA bill can be a vehicle for other tax legislation.

Personnel. The fact that Trump has not held political office and is not a traditional Republican puts a new spin on filling out his administration. Press reports have speculated about potential cabinet appointments. Trump has reportedly said that Goldman Sachs alumnus and campaign finance chairman Steven Mnuchin could be a possible nominee for Treasury secretary.

Economic advisers that have represented Trump on the campaign include investor Wilbur Ross and economists Peter Navarro, Larry Kudlow, and Stephen Moore.

New Jersey Gov. Chris Christie is in charge of Trump's transition. Politicians who have supported and served as surrogates for Trump and could possibly be tapped for Cabinet posts include: former New York mayor Rudy Giuliani, former House Speaker Newt Gingrich, Senator Jeff Sessions (R-AL), Dr. Ben Carson, and former Alaska Governor Sarah Palin. Senate Foreign Relations Committee Chairman Bob Corker (R-TN) was reportedly under consideration for the vice presidential pick and could be tapped for a Cabinet post.

Economic packages pursued by past presidents	
Barack Obama Took office January 20, 2009	American Recovery and Reinvestment Act of 2009 Enacted February 17, 2009 ► Stimulus legislation, included bonus depreciation
George W. Bush Took office January 20, 2001	Economic Growth and Tax Relief Reconciliation Act of 2001 Enacted June 7, 2001 ► The "Bush tax cuts" reduced individual rates, repealed the estate tax
Bill Clinton Took office January 20, 1993	Omnibus Budget Reconciliation Act of 1993 Enacted August 10, 1993 ► Increased individual, corporate taxes
George H. W. Bush Took office January 20, 1989	Omnibus Budget Reconciliation Act of 1990 Enacted November 5, 1990 ► Increased individual taxes despite "no new tax" pledge
Ronald Reagan Took office January 20, 1981	Economic Recovery Tax Act of 1981 Enacted August 13, 1981 ► Sharply reduced individual, corporate taxes

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Lame-duck session

With the Republican sweep in the election, the sense is the lame-duck legislative agenda will be minimalist, with Republicans having little motivation to engage in other business aside from funding the government beyond December 9. Congress returns the week of November 14 for organizational meetings and then departs again for Thanksgiving week, leaving lawmakers only a couple of weeks to finish their legislative business. Other possibilities include: a defense authorization bill; the conference report for an omnibus energy bill; the "21st Century Cures" bill increasing funds for medical research and accelerating drug approvals; the Water Resources Development Act (WRDA), which would also carry money to address the drinking-water crisis in Flint, Michigan; tax extenders provisions; and retirement savings measures.

Government Funding. Under the stopgap continuing resolution (CR) cleared on September 28, funding for the government will expire on December 9. Only one of the 12 fiscal 2017 appropriations bills has been sent to the President so far. The government funding bill may take the form of a large omnibus bill or continuing resolution, if the House and Senate Republican leadership's preference for moving spending bills on a standalone basis or in packages does not pan out. Given the election results, leaders are likely to limit the length of the spending bill to a handful of months to allow the Trump administration an opportunity to help shape fiscal 2017 spending next year. Speaker Ryan has said he favors a strategy of combining spending bills into "minibus" vehicles, but Senate Democrats have said such an approach could be a tactic to get around the spending caps Congress agreed to on a bipartisan basis last year. The bill(s) may include additional spending to address flooding in Louisiana and elsewhere, and damage from Hurricane Matthew. If the vehicle for government funding is a large omnibus bill, Republicans may push for some conservative policy "riders" as their price for accepting the budget numbers that were negotiated last year.

Tax. There are no must-pass tax issues for the lame-duck session, and it is unclear whether there will be consideration of expiring tax provisions, House and Senate miscellaneous tax bills, and tax technical corrections. House Ways and Means Chairman Brady is opposed to addressing tax extender provisions this year, preferring to look forward to tax reform; that could also be the position taken on other tax issues given that Republicans will control Washington and have a shared interest in tax reform. However, Senate Leader McConnell previously committed to addressing energy tax extenders this year, so they could still come up for consideration.

Pensions. The Senate could consider the Retirement Enhancement and Savings Act, a package of measures affecting multiple-employer pension plans, 401(k) plans and annuities, which was approved on a unanimous vote by the Senate Finance Committee on September 21. The committee also approved the Miners Protection Act, which would fund retiree health and pension benefits for coal miners, which a majority of the committee's Republican members opposed.

Health. One of the top Republican legislative priorities for the lame-duck session is the 21st Century Cures bill, a package of measures intended to spur new medical treatments and boost funding for the National Institutes of Health, the FDA, and White House initiatives such as "precision medicine" and the Cancer Moonshot. Questions remain in both the House and Senate over how to pay for the bill and the size of the funding increases, but Senator McConnell has said the bill "could end up being the most significant piece of legislation we pass in the whole Congress."

On the House side, this continues to be the top priority of the Chairman of the Energy and Commerce Committee Fred Upton. Leaders of the Energy and Commerce Committee said on September 29 that they had been "working hard for months, and we will continue to work toward an agreement that can pass both chambers and be signed by the President." The House passed its version of the 21st Century Cures bill (H.R. 6) in July 2015 by a vote of 344-77, including nearly $9 billion in new research funding for the NIH and reforms to the FDA's process for approving certain new medicines and medical devices. In the Senate, the Health, Education, Labor, and Pensions (HELP) Committee has passed a package of 19 bills aimed at accelerating approval of new drugs and medical devices and attracting talented researchers to the FDA, but the full Senate has yet to consider the bills. HELP Committee Chairman Lamar Alexander (R-TN) told Bloomberg BNA in June that the impediments to passage are the proposals' complexity and disagreements over how to pay for them. Negotiations continue.

Speaker Ryan has also listed passage of mental health legislation as one of his priorities for the lame-duck session. H.R. 2646, a bill sponsored by Rep. Tim Murphy (R-PA) that passed the House almost unanimously in July, would expand Medicaid coverage of mental health services, fund more psychiatric hospital beds and change privacy rules to allow caregivers to receive more information about patients.

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Lame-duck session

A Senate version (S. 2680) prompted Democratic concerns over funding levels, privacy issues, and other matters. This issue is one that could slip into the next Congress if negotiators are unable to reach an agreement given the limited time available.

Another outstanding year-end issue for Congressional leaders is whether to address the pending Medicare Part-B premium increases facing new and some existing Medicare enrollees caused by a smaller annual Social Security cost-of-living adjustment (COLA). Congress has acted in the past to avert premium increases due to modest COLA adjustments before the premium increases take effect. Additional Medicare changes that are bipartisan in nature could be added to this Part B adjustment if leaders agree to move forward. Up for potential consideration are a handful of Medicare-related bills that have already passed the House or Senate in the 114th Congress, as well as a package of provisions recently unveiled by the Finance Committee that would address how chronic conditions are managed in the Medicare population.

Additionally, Congress continues to contemplate action in the lame duck session to address the Obama Administration's proposal to modify the payment mechanisms for Part B Medicare drugs. While the proposal has not yet been finalized, concerns about the size and scope of the proposal have been raised by Congress.

Energy. House and Senate conferees also hope to finish negotiating the final version of the bipartisan, omnibus Energy Policy Modernization Act (S. 2012, H.R. 8). Among many other provisions, that bill would give the Energy Department emergency authority to protect the electric power grid from physical and cyber threats; require the Federal Energy Regulatory Commission (FERC) to expedite consideration of pipeline siting applications; ease procedures for mining certain minerals on federal lands; increase water allocations to address drought in California; and change forestry management.

There will also be a push to complete the Water Resources Development Act (WRDA). In September, both the Senate (S. 2848) and House (H.R. 5303) overwhelmingly passed bills that need to be reconciled, but the two chambers have not yet formally gone to conference. One factor that is likely to expedite a conference and floor votes is the fact that in September, in order to resolve a deadlock over government funding, Speaker Ryan made a commitment to move assistance to Flint, Michigan (which has faced a drinking-water crisis) as part of the WRDA bill.

Energy measures could also come up as Republican "riders" on a year-end spending bill, such as provisions blocking the EPA's Clean Power Plan or the "Waters of the U.S." wetlands rule. House Majority Leader McCarthy has also said the House will consider a bill offering a tax credit for new nuclear reactors.

Financial Services. House Financial Services Chairman Jeb Hensarling (R-TX) has said he hopes for a lame-duck floor vote on his CHOICE Act, which would repeal much of the Dodd-Frank Act and replace it with a system in which banks would become exempt from many prudential rules if they agree to a much higher leverage ratio. The committee passed the CHOICE Act on a party-line vote in September. The Wells Fargo scandal could pose a hurdle for that plan, because Hensarling's bill would repeal the Consumer Financial Protection Bureau's (CFPB) new rules limiting the use of mandatory arbitration clauses in bank contracts. Wells Fargo has been criticized for requiring its account holders to agree to such clauses, restricting their ability to sue the bank after as many as 2 million unauthorized accounts were discovered.

The Financial Services Committee will hold a second hearing on November 30 on the Wells Fargo issue, with CFPB Director Richard Cordray testifying. SEC Chairman Mary Jo White will also testify on November 15.

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Tax

The surprising results of yesterday's election have teed up comprehensive tax reform as a clear priority for the new Republican President and the Republican Congress. A unified Republican government makes the process of achieving significant tax reform much more manageable next year, in particular because Speaker Ryan during the campaign pledged to move such a plan in the form of so-called budget reconciliation legislation, which would mean that only a simple majority of senators would be necessary to pass the plan, rather than the usual 60-vote majority. A lot of the groundwork has been laid through proposals and negotiations over the last three or four years on various key aspects of business tax reform, but Congressional Republican leaders and the new President will have to decide whether to push forward with legislation that embodies the House Republican Tax Reform Blueprint, or the outlines of a tax reform plan that President-elect Trump championed during the campaign. One significant difference is that the Blueprint, according to its authors, is largely revenue neutral using dynamic scoring, while the Trump plan was scored by various non-governmental groups as losing trillions of dollars.

House Speaker Ryan has said on multiple occasions that tax reform is his top priority. The Blueprint, the sixth and final plank of Ryan's "Better Way" campaign to provide policy alternatives, proposed a 20% statutory corporate tax rate, a 25% business tax rate for pass-through entities, a move toward a cash-flow consumption tax through immediate expensing for all businesses and elimination of deductibility of net interest expense, a territorial international tax system, a border tax adjustment mechanism, and elimination of most business preferences except the R&D tax credit and LIFO. Interestingly, all of these pieces of business tax reform may be fair game in discussions with Democrats, but the two parties differ greatly over whether to reduce individual tax rates – a key component of both the Blueprint and the Trump campaign agenda – and over important revenue issues, including whether reform should be revenue neutral on a static basis, and whether timing and one-time revenue raisers should be used to pay for permanent tax rate reduction. The use of budget reconciliation, however, could make many of these differences irrelevant as Senate Democrats could have little power to change or block the legislation on the Senate floor.

Along with the 20% statutory corporate tax rate, the Blueprint includes a 25% business tax rate for pass-through entities; and individual rates set at 12%, 25%, and 33%

Ways and Means Republican tax staff is in the process of receiving feedback and building out the tax reform Blueprint by drafting detailed statutory language. The publicly expressed goal is to have that effort completed by the end of 2016. In October 14 remarks at University of Wisconsin–Madison, House Speaker Ryan said, "I really want to get tax reform running as quickly as possible..."

Asked September 29 whether there is opportunity for progress on big-ticket items in 2017, Senate Majority Leader McConnell said, "We need to do tax-reform – comprehensive tax-reform – not piecemeal."

Trump's tax plan differs from the Blueprint in that the corporate tax rate would be lower – 15% – with the same rate imposed on pass through entities. The latest statement from the Trump campaign suggests that small business owners do not retain earnings may face double taxation.

Individual income tax rates would be 12%, 25%, and 33%, the same as the House Republican tax reform Blueprint.

Trump and his staff have supported a 10% tax rate on the deemed repatriation of previously untaxed foreign earnings of US companies, but the campaign never made clear whether they still support repeal of deferral in a new international tax system going forward.

Trump has pledged to work with House Republicans on tax issues and, in addition to adopting their proposed individual rates, brought his plan closer to theirs by announcing support for immediate expensing of new business investments for manufacturers. The House plan proposed expensing in conjunction with eliminating the deductibility of net interest expense. In the follow-up to a September 15 speech to the Economic Club of New York, Trump clarified that he believes expensing should be limited to manufacturers and those who elect expensing will lose the deductibility of corporate interest expense.

The Trump campaign also clarified in September that they favored repeal of most corporate tax expenditures, except for the R&D Credit. While continuing to call for repeal of the estate tax, Trump proposed disallowing a step-up in basis for estates over $10 million: "The Trump plan will repeal the death tax, but capital gains held until death will be subject to tax, with the first $10 million tax-free as under current law to exempt small businesses and family farms. To prevent abuse, contributions of appreciated assets into a private charity established by the decedent or the decedent's relatives will be disallowed."

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Tax

Trump additionally proposed capping itemized deductions at $100,000 for single filers and $200,000 for married filers and highlighted the benefits of his proposals for working Americans and the middle class. "By lowering rates, streamlining deductions, and simplifying the process, we will add millions and millions of new jobs. In addition, because we have strongly capped deductions for the wealthy, and closed special interest loopholes, the tax relief will be concentrated on the working and middle class taxpayer..," he said. "This is a working and middle-class tax relief proposal." A campaign fact sheet proclaims that Trump's economic proposals would add 25 million jobs over a decade, which equates to 200,000 new jobs per month.

The motivating factors for tax reform will remain the same as they were in the current Congress, but unified government should make enacting tax reform much easier. The statutory corporate income tax rate is seen as too high and the international tax system compels profit shifting to low-tax jurisdictions and erodes the US tax base. That phenomenon escalated this year with the European Commission's latest state aid decision, which was seen as demonstrating a tension between the US and Europe over who should tax the foreign income of US multinationals.

The passage of the EU's harmful tax competition directive will lead to enactment in all EU countries of a variety of measures that could increase taxes on US companies operating in Europe, while implementation of innovation box regimes in many countries, following the OECD BEPS project outline, will make it more attractive for US companies to move intellectual property and exploit that IP into those jurisdictions. The Administration took significant steps this year to try to prevent further erosion of the US tax base through regulatory action to deter inversions and earnings stripping, but all involved said these were Band-Aid approaches that were no substitute for US tax reform.

Design issues – international tax reform. As has been the case for the last few years, there is broad agreement on the design elements of business tax reform, and more specifically, international tax reform, but the devil is in the details. For example, the House Republican Blueprint on tax reform calls for a 8.75% tax rate on previously untaxed accumulated foreign earnings held in cash or cash equivalents, and a 3.5% tax rate on all other accumulated earnings, with tax liability payable over an eight-year period.

This is the same tax treatment of accumulated foreign earnings called for under former Ways and Means Committee Chairman Dave Camp's (R-MI) Tax Reform Act of 2014.

But in a departure from the Camp bill, the Blueprint also calls for a move to a destination-basis tax system, under which border adjustments exempt exports from tax while taxing imports, making the tax jurisdiction the location of consumption rather than production. Exempting exports from US tax and taxing imports regardless of where they are produced will eliminate incentives for US businesses to move or locate operations outside of the United States under a territorial tax system, according to the Blueprint. By relieving exports from US tax while imposing US tax on imports, the Blueprint would eliminate the need for any new exemption or territorial tax system to be accompanied by a minimum tax or any other more conventional anti-base erosion measure, thereby sidestepping one of the more intractable and divisive debates among the business community over the past several years of tax reform discussions.

Developing a workable border adjustability mechanism that is not actually a component of a value-added tax presents some significant policy and technical hurdles.

US companies that are net exporters could end up in a perpetual tax loss position, and handing out refunds to some of the largest US companies may not work from a political standpoint, particularly as the domestic income of US companies (including the suppliers for exporting companies) is subject to tax. How to apply the border adjustability concept to cross-border flows of capital, or whether to exempt financial transactions must also be considered.

While moving to a form of exemption system has some level of bipartisan support, more liberal Democrats will insist on a more pure worldwide system that includes repeal of deferral. Senate Finance Committee Ranking Member Wyden (intermittently) and Senator Warren (consistently) have both backed the latter approach, and Speaker Ryan noted the differing viewpoints in September given that Democrats increasingly call for a worldwide system and repeal of deferral.

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Tax

"There is a big gulf between our two views... We believe that we should have a pure territorial system...And so I do believe that this issue is coming," Ryan said. "I don't think you can stand against a territorial system much longer." Ryan also remarked that "the experience I had when I was Ways and Means chair with [Democrats] was not a pleasant one, and I don't know if that's going to change."

In a September 8 New York Times op-ed, Senator Warren said foreign developments are increasing pressure on Congress to cut corporations "a new sweetheart deal" in tax reform, but lawmakers should instead take the opportunity to collect more revenue from corporations.

"Preferential tax treatment, either through special rates or deferred due dates, creates a huge financial incentive for American companies to build businesses and create jobs abroad rather than in the United States. Our tax code should favor jobs and businesses at home – period," Warren said.

Along with these political and mechanical questions, there is the question of whether such a system, embedded in an income tax rather than a value added tax or other true consumption tax, is legal from an international trade perspective.

Design issues – paying for rate reduction. There may also be tension among House Republicans given that the Blueprint has not had a full airing among members – it was released soon before Congress left for its summer recess – and the drafting of legislative language may make apparent what is necessary to achieve the stated goals, particularly the reduced rates: a 20% statutory corporate tax rate; a 25% business tax rate for pass-through entities; and individual rates set at 12%, 25%, and 33%. Once the details are hashed out, the Blueprint could present just as many trade-offs as previous serious tax reform proposals. While the mix of winners and losers may be different than under other proposals, the ultimate fate of the Blueprint will still be determined by the same fundamental political dynamics that would face any tax reform proposal.

For example, the Blueprint would permit companies to fully and immediately deduct the cost of all tangible and intangible property, with the exception of land. However, the Blueprint also would correspondingly deny deductions for net interest expense. Companies must therefore weigh whether losing interest deductions is a cost they are willing to incur in exchange for full expensing (and a 20% corporate rate).

The purpose for denying deductions for net interest expense is to prevent a presumed double benefit from fully expensing leveraged purchases of property.

However, the exclusion of land from full expensing under the Blueprint would be particularly severe for debt-financed purchases of land because the land would not be eligible for full expensing (or apparently even depreciation as under current law), while deductions for interest expense on the debt would not be permitted.

Moreover, the persistent issues under current law involving the allocation of purchase price between non-deductible land and immediately deductible improvements on the land would be intensified under the Blueprint. Other aspects of paying for a reduced corporate rate will not come easier in the new Congress. The allure of reducing business tax rates did not draw members to support the bill presented to them by former Ways and Means Chairman Dave Camp.

Corporate integration. In the Senate, Finance Committee Chairman Hatch continues to go his own direction on tax reform, touting a corporate integration plan that could be a substitute for or be complementary to a rate reduction effort that includes international tax reform. Hatch says he is still aiming to release a corporate integration discussion draft. Chairman Hatch has said the proposal could accomplish the international tax reform that is widely seen as necessary, and the reception to the draft could dictate how strongly he tries to advance the proposal next year. The draft is expected to pair a dividends-paid deduction with a mandatory 35% withholding tax for dividends and interest. Other senators and third parties have raised concerns about a corporate integration plan, including:

- that the proposed 35% withholding tax expected would penalize tax-exempt entities like retirement plans and deter foreign investment in the United States; and
- that a dividends paid deduction would, by reducing corporate tax liability, diminish the effectiveness of current tax incentives like the R&D credit and accelerated depreciation, and disadvantage startup companies more likely to retain their earnings rather than pay dividends.

Extenders. The fate of tax extenders (and certain other tax issues) will likely depend on both what can be accomplished during the 2016 lame-duck session and the success of the likely focus on tax reform in early 2017.

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Tax

There is a push to include the provisions that expire at the end of 2016 in year-end legislation, though if that is unsuccessful the issue will certainly return in 2017, either through inclusion in a tax reform measure or separately if those efforts have played out.

The 2015 tax legislation made some extender provisions permanent and extended others for five years, meaning the two-year extensions that expire at the end of 2016 will be the focus of the next effort.

There will certainly be attention paid to these provisions during any discussion of tax extenders in 2017.

Tax treaties. Action on the eight Foreign Relations Committee-approved tax treaties that Senator Rand Paul (R-KY) wants renegotiated over information sharing concerns is seen as overdue. The treaties include: new protocols amending US tax treaties with Switzerland, Luxembourg, Spain and Japan; new tax treaties with Hungary, Chile and Poland; and a multilateral convention on tax administration. There have been no plans announced for trying to move the treaties during the lame-duck session, though such an effort is possible.

State tax issues. In August, House Judiciary Committee Chairman Goodlatte released a second discussion draft related to remote sales tax that would apply tax at the destination state of the goods, rather than on the location of the seller, which was his previous approach. The tax would be imposed at a single rate determined by the state of the purchaser, but using the tax base of the state of origin.

Chairman Goodlatte wanted a vote this year on the proposal, which had the support of Speaker Ryan, but this vote is not likely to occur during the lame duck session. When Congress approved a customs reauthorization measure that made permanent the Internet Tax Freedom Act in February, Senate Majority Leader McConnell said he had provided assurances to supporters of the Marketplace Fairness Act "that we'll have an opportunity to consider that sometime this year." Since that is not likely to occur during the lame-duck session, the issue is sure to resurface in 2017.

In September, the House approved by voice vote the Mobile Workforce State Income Tax Simplification Act (H.R. 2315), to prohibit wages earned by an employee who performs employment duties in more than one state from being subject to income tax in any state other than: (1) the state of the employee's residence, and (2) the state within which the employee is present and performing employment duties for more than 30 days during the calendar year. Senate Finance Committee member John Thune (R-SD) sponsors a Senate version of the bill (S. 386), though the outlook for the issue is unclear.

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Health

With a Trump win and Republicans maintaining control of the House and Senate, the health agenda promises to be one of the greatest policy areas of change in the next Congress.

ACA Repeal/Replace. In January, following a 240-181 vote, the House sent to the President H.R. 3762, Restoring Americans' Healthcare Freedom Reconciliation Act – a piece of legislation which dismantled key provisions of the Affordable Care Act (ACA). The same legislation was approved in the Senate on a vote of 52 to 47. Although the President ultimately vetoed the legislation, it represents a blueprint for Congressional action in 2017 to repeal core components of the ACA.

The reconciliation process allows leaders to call up legislation and pass it with a simple majority vote in the Senate–avoiding a potential filibuster. Reconciliation rules in the Senate are complex, enforced by the Senate Parliamentarian, and constrained by CBO scoring rules and conventions – which combine to determine what can and cannot be included in a reconciliation bill. Reconciliation is a powerful tool but its use is limited to policy changes that have a direct impact on taxing or spending levels. Because they have used this process before, Republicans have a road map of the changes that will be possible through the use of reconciliation in a closely divided Senate. Find a link to a summary of the Reconciliation bill that passed in 2015 here. Donald Trump has been less prescriptive in terms of the specifics of the ACA replace plan that he supports. But generally, he has called for a special session of Congress to completely repeal the ACA and replace it with a plan that allows consumers to buy insurance across state lines, allow individuals to deduct the cost of health care on their federal tax returns, expand Health Savings Accounts (HSAs) and block grant Medicaid. Speaker Paul Ryan and the House GOP introduced a proposal to replace the ACA that can be found here. Because the Senate GOP did not introduce their own ACA replace plan, negotiations between the chambers will be required before a strategy is developed.

User Fee Legislation. The Senate HELP Committee and the House Energy and Commerce Committee are tasked with the reauthorization of the Prescription Drug User Fee Act (PDUFA), the Generic Drug User Fee Act (GDUFA), the Biosimiliar User Fee Act (BsUFA), the Medical Device User Fee and Modernization Act (MDUFMA). These programs must be reauthorized in 2017 to ensure that sufficient industry fees are available for the FDA to continue to consider the applications of drugs and devices.

The Food and Drug Administration (FDA) and relevant industries have reached draft agreements on the user fee proposals. The proposals are historically bipartisan priorities and are expected to be approved by Congress next year. Some of the drug pricing issues raised by Democrats in 2016 could potentially become embroiled in the FDA user fee legislation negotiations. Even though Donald Trump has voiced some populist concerns about the increasing cost of prescription drugs, the risk of drug pricing policy changes being enacted next year are less likely given that Hillary Clinton did not win the White House and the GOP continues to control the House and Senate. But Democrats are likely to continue to highlight the issue and seek policy changes to address it.

Mental Health/ Opioids. Currently, discussions are ongoing to find a compromise that can be enacted on mental health legislation in the lame duck Congress and possible further action to address the opioid addiction crisis that was such a big issue in so many election campaigns. But disagreements over funding levels, gun issues and the privacy of medical records persist. It remains to be seen if negotiators can reach agreement on these issues in the lame duck session of Congress or if the issue will be revisited in the next Congress.

MACRA Oversight. Congressional oversight of the Centers for Medicare & Medicaid Services' (CMS) implementation of the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) is expected to continue following several House and Senate hearings held over the past several months and recent publication of a final rule on the matter.

In 2015 Congress passed MACRA which overhauls how Medicare pays for physician services. The legislation repealed the Medicare physician sustainable growth rate (SGR) formula and instead moves to a new two-track payment system called the Quality Payment Program (QPP). The two tracks of the QPP seek to tie an increased percentage of physicians' Medicare fee-for-service payments to outcomes through the Merit Based Incentive Payment System (MIPS) and also to encourage the adoption of alternative payment models (APMs).

At recent House and Senate hearings, members from both parties expressed concern about MACRA's potential adverse impact on smaller independent and rural physician practices. While the final rule attempts to address these concerns, it is expected that Congress will continue to utilize its oversight power to monitor implementation.

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Health

Healthcare Reauthorization Priorities. The Children's Health Insurance Plan (CHIP) will expire and needs to be reauthorized in 2017. CHIP is a federal and state partnership program which provides health coverage to an estimated 8.9 million low-income children. In 2015, President Obama signed the Medicare Access and CHIP Reauthorization Act which extended CHIP for an additional two years; without an extension of the program in 2017 the program will exhaust its funding and states will be required to continue the children's coverage through Medicaid until 2019, due to the ACA's maintenance of effort (MOE) provision unless the ACA is repealed. The reauthorization process will create an opportunity to consider additional policy changes including changes to the CHIP and Medicaid programs.

The ACA also created a funding stream for community health centers. In 2015, a bipartisan vote in Congress extended the Community Health Center Fund by an additional two years (FY 2016 and FY 2017). It is likely that lawmakers will push to extend funding of community health centers into future years beyond 2017.

Chronic Care. In late October, Senate Finance Committee Chairman Hatch and Ranking Member Wyden along with Senators Johnny Isakson (R–GA) and Mark Warner (D-VA), co-chairs of the Finance Committee Chronic Care Working Group, released a discussion draft with proposals to improve health outcomes for Medicare beneficiaries living with chronic conditions. Potential Senate legislative action on the discussion draft is possible in the lame duck session, but it is also possible the bill will be taken up in the next Congress.

HOUSE_OVERSIGHT_022390

Energy

Donald Trump is widely expected to significantly depart from the priorities of the Obama Administration by favoring development of additional conventional energy resources and attempting to put the brakes on new environmental initiatives. The GOP majorities in the House and Senate have a similar agenda and Democrats in Congress are expected to mobilize in opposition -- in particular by leveraging their power in the Senate to filibuster legislation – and publicly highlight the potential impacts of a Trump administration's policies.

Trump has pledged to cancel US participation in the 2015 Paris Climate agreement, and opposes implementation of the Obama Administration's Clean Power Plan (CPP). His campaign literature is heavily salted with proposals to provide regulatory relief to fossil fuel industries and slanted in favor of new administrative initiatives to foster conventional energy development. Specifically, his website calls for the following energy-related initiatives:

- Make America energy independent, create millions of new jobs, and protect clean air and clean water; conserve our natural habitats, reserves and resources; unleash an energy revolution that will bring vast new wealth to our country.
- Declare American energy dominance a strategic economic and foreign policy goal of the United States.
- Unleash America's $50 trillion in untapped shale, oil, and natural gas reserves, plus hundreds of years in clean coal reserves.
- Become, and stay, totally independent of any need to import energy from the OPEC cartel or any nations hostile to our interests.
- Open onshore and offshore leasing on federal lands, eliminate moratorium on coal leasing, and open shale energy deposits.
- Encourage the use of natural gas and other American energy resources that will both reduce emissions but also reduce the price of energy and increase our economic output.
- Rescind all job-destroying Obama executive actions. Mr. Trump will reduce and eliminate all barriers to responsible energy production, creating at least a half million jobs a year, $30 billion in higher wages, and cheaper energy.

Given the predominance of oil and gas executives amongst his kitchen cabinet, it is also widely expected that President-elect Trump will try to halt additional environmental regulatory measures proposed by the Obama Administration, such as methane emission curbs. It should be noted that it is difficult legally to change or repeal regulations which have been promulgated in final form – such as the CPP – without going through the Administrative Procedures Act process. Environmental lawyers can be expected to litigate at every step of the way if Trump attempts to bypass Congress and eliminate the CPP by Executive Order, and the courts may well serve as a brake on such actions. However, environmental advocates who would have likely tried to push a President Clinton to administratively expand the scope of the CPP's carbon emission regulations beyond the electric power sector, potentially economy-wide under Section 115 of the Clean Air Act, may now be left to using a litigation route to try to force the Environmental Protection Agency to expand the CPP to achieve this goal.

During the campaign, Trump also specifically rejected the idea of using a carbon tax/carbon pricing as a means of encouraging market-driven emission reductions. With GOP chairmen of the tax-writing committees in the House and Senate, it is very unlikely that they will schedule hearings or markups to move carbon taxes – other than to schedule votes in the House or Senate aimed at undermining vulnerable Democrats up for reelection in 2018.

Additionally, the President-elect has vowed to allow energy infrastructure projects, like the Keystone Pipeline and other industrial facilities which have faced denials or delays under the current Administration, to move forward. Trump has proposed a $1 trillion infrastructure plan that would rely heavily on private-public partnerships by providing a tax credit to encourage private investors to fund projects overseen by states and municipalities. As conceived by Trump's advisors, the tax credit would apply to infrastructure projects with a dedicated source of revenue, such as toll roads, airports or utilities financed at least in part by fees paid by users. Decisions on which projects to fund would generally be left to the states.

HOUSE_OVERSIGHT_022391

Energy

Trump's tax reform plans generally adhere to the precepts of the House Republican tax reform Blueprint, but he differs with that outline in some important respects. The House Blueprint proposes, among other things, to allow 100%expensing of qualified business investments and to deny the deductibility of net business interest expenses. It would also eliminate most fossil fuel-specific tax incentives such as deductions for intangible drilling costs (IDCs) and percentage depletion, but its proposal to allow expensing of all business investment would mitigate the loss of many of the specific deductions. The Blueprint appears to allow both independent and integrated producers to deduct 100%of IDCs in the year they are paid or incurred. While this would preserve the status quo for independent producers, allowing integrated oil and gas companies to also expense 100%of IDCs could increase the rate of return on oil and gas wells drilled by integrated companies. This change, in combination with the possible loss of the percentage depletion deduction (which allows cost recovery in excess of cost basis) could ultimately make independent producers less competitive with integrated companies.

Trump offered qualified support for the Blueprint's proposal to allow 100%expensing – but would limit the provision to manufacturers – and those who elect expensing will lose the deductibility of business interest expenses. Further, he may be more inclined to keep traditional fossil fuel-specific tax incentives, such as the deduction for intangible drilling costs and the percentage depletion deduction.

While President-elect Trump has spent much of his time discussing federal policy issues surrounding conventional energy resources, he has expressed opposition to continued federal support for the development of wind and solar energy and has said that he will eliminate all federal spending for clean energy research. How he proceeds in the new Congress may be heavily influenced by both electoral politics (e.g., ethanol-rich Iowa largely supported his candidacy) and the pre-existing dynamics in Congress. Many congressional Republicans have opposed even temporary extensions of renewable energy incentives and the fate of these provisions may well be linked to the effectiveness of the Democratic minority.

HOUSE_OVERSIGHT_022392

Financial Services

Republicans' retention of the House and Senate majorities means that President-elect Trump will have partners in both banking committees to help implement an agenda heavy on deregulation. The new Senate Banking Committee chairman will be Mike Crapo (R-ID), who has a solid working relationship with returning Ranking Member Sherrod Brown (D-OH) and could work productively with him in a handful of areas. On the House side, Rep. Jeb Hensarling (R-TX) returns as chairman of the Financial Services Committee. A fierce opponent of the 2010 Dodd-Frank Act, Hensarling will have Trump's support in renewing his effort to repeal and replace the Dodd-Frank Act and continuing the panel's aggressive oversight of financial regulators. Given Republicans' narrow majority in the Senate, Democrats' ability to filibuster controversial bills in that chamber will make it difficult for House and Senate GOP leaders to push through a broad dismantling of major elements of Dodd-Frank, something the President-elect called for during the campaign. But given that Republicans will have full control of the executive and legislative branches for the first time since 2006, the GOP base will be dismayed if they don't try anyway. Short of that broader effort, bipartisan compromises in the areas of bank capital and regulatory relief for smaller banks seem achievable.

Senate Banking Committee. Crapo is widely seen as working constructively with Sen. Brown – a stark contrast to Brown's relationship with current Chairman Richard Shelby (R-AL), who has been unable to agree with Democrats on much legislatively. In a July interview, Crapo called Brown "straightforward and honorable" and said that while they were far apart in terms of their political views, "the fact is we have been able to find significant areas of consensus where we can agree to move forward on good policy, so I expect that we would be able to do that." The leading options for an early bipartisan effort include a bill providing regulatory relief from some Dodd-Frank provisions to community banks, a high priority for both Crapo and Brown. Such a bill might include language raising Dodd-Frank's $50 billion asset threshold, above which banks must submit to more rigorous prudential supervision by the Fed. Crapo and Brown also could agree on modest structural changes to the Federal Reserve, unless pressure from the Trump White House for a more ambitious Fed reform bill – like the package of changes passed by the House in November 2015 – derails that effort. Crapo and Brown could also conceivably agree on more stringent capital standards for the largest banks, a theme that Brown hammers at every opportunity.

As Shelby did, Crapo is expected to maintain the committee's focus on rules and bodies created by the Dodd-Frank Act, such as the Financial Stability Oversight Council (FSOC) and the Consumer Financial Protection Bureau (CFPB), which suffered a judicial setback when a federal appeals court on October 11 ruled that its structure was unconstitutional. Crapo has also been skeptical of the new supervisory authorities the 2010 law gave the Fed to oversee larger banks and insurers that are designated as systemically important by the FSOC. Crapo could work collaboratively with Ranking Member Brown on a legislative follow-up to the Fed's recent report criticizing banks' trading of physical commodities; one obvious possibility is to repeal the merchant banking exemption given to the holding companies for Goldman Sachs and Morgan Stanley, as the Fed recommended. Finally, a post-crisis system for housing finance – i.e., the future of Fannie Mae and Freddie Mac – still looms as the biggest area left unaddressed by the 2010 financial reforms, but a bipartisan effort to establish a new system drafted by Crapo and then-Chairman Tim Johnson (R-SD) in 2013-14 foundered when the Banking Committee's liberal Democrats (and some Republicans) declined to support the centrist proposal. Since then, few signs have emerged about how to structure a new housing finance system in a way that could survive a Senate filibuster, and President-elect Trump did not address the issue during his campaign.

House Financial Services Committee. After years of confrontation with a Democratic White House and Democratic appointees to financial regulators, Chairman Hensarling will shift strategies now that the executive branch is in more friendly hands. Hensarling is not likely to improve his contentious relationship with Rep. Maxine Waters (D-CA), however, who will return as ranking member and is certain to push back on Hensarling's efforts to replace the 2010 reforms with more conservative approaches. While Hensarling has regularly done battle with officials at the FSOC, Treasury, SEC and the Fed, new leadership is expected at those agencies – though even Republican appointees will be constrained by the existing statutory mandates in Dodd-Frank, unless the new Congress is able to alter the law with legislation. At the Fed, Chairman Janet Yellen's term does not expire until January 2018. President-elect Trump frequently criticized Yellen as being overly "political" during the campaign.

HOUSE_OVERSIGHT_022393

Financial Services

During the four previous years of Hensarling's chairmanship, most of the committee's major bills died quietly in the Senate, such as efforts to repeal much of Dodd-Frank (the CHOICE Act), impose substantial reforms upon the Fed, restructure the CFPB and strip the FSOC of various powers. That may change now that the House, Senate and White House will operate with greater coordination, though the threat of the Senate filibuster limits what Republicans can achieve. Hensarling notably has enjoyed a longtime friendship with Vice President-elect Mike Pence, which will give him a powerful ally in the White House as the new administration plots its strategy for financial regulation and nominates key appointees for the regulatory agencies. Hensarling agrees with Senators Crapo and Brown on the importance of capital for big banks, but he wants to reward banks with relief from much of Dodd-Frank's supervisory regime if they agree to a higher leverage ratio. Hensarling can be expected to reintroduce his CHOICE Act and Rep. Bill Huizenga's (R-MI) package of Fed reforms (the FORM Act), and to renew the panel's aggressive oversight of the CFPB, the FSOC and other bodies established by Dodd-Frank. Republicans have also been critical of moves by global regulatory bodies to set capital and liquidity rules for "systemically important" banks and insurance companies.

Wells Fargo Scandal. Lawmakers in both the House and Senate are certain to resume their investigations of Wells Fargo in the wake of revelations that the bank's employees created as many as 2 million accounts without customers' consent. Hensarling and other Republicans want to use the scandal to raise questions about the performance of the CFPB and the Office of the Comptroller of the Currency (OCC), while Ranking Member Waters has vowed to offer a bill breaking up Wells Fargo into smaller companies. On the Senate side, Ranking Member Brown has used the scandal to focus on mandatory arbitration provisions in financial contracts, and will likely propose legislation prohibiting such clauses, though Sen. Crapo is unlikely to support him. In an editorial piece in October, Camden Fine, president of the Independent Community Bankers of America (ICBA), wrote that he "fully expected" that Wells Fargo's new policy of notifying customers whenever a new account is created in their name, along with "far more stringent policies, will ultimately become mandatory as policymakers respond to the scandal with additional regulatory burdens on banks of all sizes."

Oversight of Regulators. As they have in previous years, the banking committees in 2017 will devote considerable time to overseeing rules issued by financial regulators. These will include the still-unfinished interagency rules for clawing back incentive compensation drafted by the SEC, the Fed, the FDIC and other agencies; the CFPB's controversial new rules for prepaid cards, payday lenders and mandatory arbitration clauses; the global Financial Stability Board's forthcoming regulations for capital held by large insurers; and the international Basel Committee's rules for bank capital, which are expected to be issued by the end of this year. The Banking Committee must also schedule hearings for high-level Treasury nominees, as well as nominees for key vacancies at the SEC, CFTC, the Federal Reserve and the Ex-Im Bank, which were never filled in the current Congress because of lingering disputes with the Obama administration.

Two Deadlines to Watch: 1) the largest banks resubmit their "living will" resolution plans in May 2017, always a source of contention for critics of "too big to fail"; 2) the Terrorism Risk Insurance Act (TRIA) expires at the end of 2017, forcing yet another ideological dispute over whether the federal backstop program should be renewed.

HOUSE_OVERSIGHT_022394

Trade

Trade legislative issues could figure prominently in 2017. During the campaign, President-elect Trump argued vigorously against the proposed Trans-Pacific Partnership (TPP), vowed to renegotiate the North American Free Trade Agreement (NAFTA) and pledged to label China as a currency manipulator, which could trigger the imposition of significant tariffs on Chinese imports.

Senate Finance Committee. President-elect Trump may find himself somewhat at odds on his trade agenda with Senate Finance Committee Chairman Hatch who has supported numerous trade agreements during his congressional tenure.

House Ways and Means Committee. House Republican trade leaders – including Speaker Ryan and Ways and Means Chairman Brady – played a pivotal role in advancing President Obama's trade initiatives through Congress, including passage of Trade Promotion Authority (TPA) in 2015. A key question is how closely they will work to support President-elect Trump's trade restrictionist agenda.

Trans-Pacific Partnership Agreement. Unless TPP can be approved in the 2016 lame-duck session (an extremely unlikely prospect, as discussed above), TPP will not be ratified.

Transatlantic Trade and Investment Partnership Agreement. US and EU trade negotiators failed to make much meaningful progress on TTIP in 2016. Prospects for TTIP are dim, given the President-elect's trade priorities and a potential chill in US-EU relations.

Other trade agreements? The Trade Promotion Authority, enacted in 2015, provides enhanced fast-track procedures for trade agreements reached before July 1, 2018, with a possible extension to July 1, 2021. Will President-elect Trump decide to launch additional trade agreements that could be considered under the fast-track authority in Congress? Following the U.K. vote on Brexit this summer, some Members of Congress expressed an interest in a possible US-U.K. free trade agreement.

HOUSE_OVERSIGHT_022395

From: [redacted]
Sent: 11/22/2016 5:55:37 PM
To: Jeffrey [jeevacation@gmail.com]

Importance: High

My Mom's childhood friend from Ukraine reached out to her - she works for Oleksandr Vilkul (Ukraninan opposition leader), asked if I could help organize the invitation to the Trump inauguration for a high reward. Shall I find out the details or drop it? Any interest in meeting them at all

I personally don't know Tamara (my Mom's friend) and my Mom hasn't seen her for years

From: paul krassner [redacted]
Sent: 3/22/2017 2:35:34 PM
To: jeffrey E. [jeevacation@gmail.com]
Subject: Fwd: Wednesday's Headlines: Labor pick cut deal with billionaire accused of having sex with minors

Importance: High

JEFFREY—

AS A FRIEND I'M SAYING MY ATHEIST PRAYERS FOR YOU.

DON'T LET THE BASTARDS FRAME YOU.

—PAUL

From: The Washington Post <email@e.washingtonpost.com>
Subject: Wednesday's Headlines: Labor pick cut deal with billionaire accused of having sex with minors
Date: March 22, 2017 at 3:03:03 AM PDT
To: [redacted]

Democracy Dies in Darkness

The morning's most important stories, selected by Post editors

Top Stories

Labor pick cut deal with billionaire accused of having sex with minors

President Trump is a witness in a lawsuit over how federal prosecutors — including Alexander Acosta, a former U.S. attorney in Miami who is Trump's secretary of labor nominee — handled the accusations against billionaire Jeffrey Epstein.

By Marc Fisher • Read more »

Trump tells GOP critics of health-care bill: 'I'm gonna come after you'

The president stormed Capitol Hill to sell the health-care overhaul, using both charm and admonishment to make his case, reassuring skittish members that they would gain seats in Congress if the bill passed. Rep. Harold Rogers, a supporter of the bill, said of the president's remark: "Oh, he was kidding around. I think."

By Mike DeBonis, Kelsey Snell and Robert Costa • Read more »

Gorsuch says attacks on federal judges are 'disheartening' and 'demoralizing'

Under questioning, Supreme Court nominee Neil Gorsuch reiterated what he had told senators in private — that he is offended by attacks like the ones leveled by President Trump against federal judges who have ruled in cases involving him.

By Robert Barnes and Ed O'Keefe • Read more »

Trump's budget targets rural development programs that provide a quiet lifeline

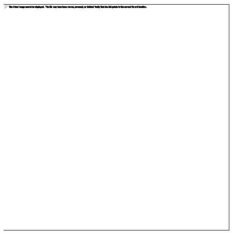
As a political statement, Trump's budget proposal delighted many small-government conservatives. But voters in Kentucky's Appalachia, an area that supports the president, worry that vital community programs that enhance job prospects and keep towns afloat might suffer.

By Jose A. DelReal • Read more »

Yazidis who suffered genocide are fleeing again, but this time not from the Islamic State

At a strategic crossroads between Syria, Turkey and Iraq, the traditional Yazidi heartland has become a flash point for Kurdish political rivalries. “We feel like a toy in the hands of the politicians,” a Yazidi religious sheikh said.

By Loveday Morris • Read more »



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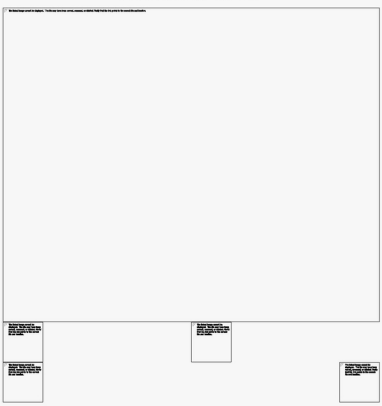

Opinions

Susan Rice: When the White House twists the truth, we are all less safe

By Susan E. Rice • Read more »

Good-golly Gorsuch may turn out to be a rascal on the bench

By Dana Milbank • Read more »

President Trump's sanest decision

By Kathleen Parker • Read more »

Trump has no idea how to grow vegetables

By Garrison Keillor • Read more »

Reality is creeping into the Trump show

By David Ignatius • Read more »

The Trump administration's attack on the Chesapeake Bay

By Editorial Board • Read more »

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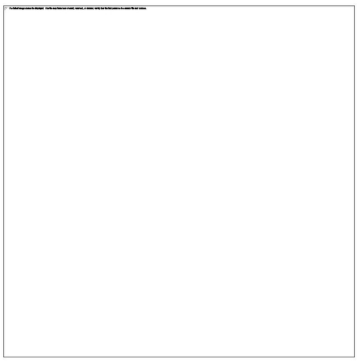

North Korean missile explodes seconds after launch

The attempted missile launch comes at a time of heightened tensions in the region, with the U.S. and South Korea conducting joint military exercises and the Trump administration clearly signaling it is prepared to use force to stop the Kim regime.

By Anna Fifield • Read more »

Trump's 'big, beautiful wall' at U.S.-Mexico border will require him to take big swaths of other people's land

The wall will cost a lot more — politically and economically — than the president has publicly acknowledged. Trump will need to wield the power of government to forcibly take private properties, including those belonging to his supporters.

By Tracy Jan • Read more »

As Ivanka Trump's White House role expands, her company is sued for unfair competition

A San Francisco clothing retailer says President Trump, his daughter and his aides have leveraged the presidency to promote products from Ivanka Trump's brand.

By Matea Gold • Read more »

As White House seeks distance, former Trump campaign chairman faces new corruption allegations

Tillerson, NATO look for new date for meeting with foreign ministers

A Ukrainian lawmaker claimed documents show Paul Manafort attempted to hide payments he received from a political party with ties to Russia. Manafort has denied assisting Russia in election hacks and a spokesman called the new Ukraine allegations "baseless."

By Rosalind S. Helderman, Andrew Roth and Tom Hamburger • Read more »

The effort came after news that Secretary of State Rex Tillerson would miss a NATO summit meeting and later travel to Russia. As officials tried to schedule a new meeting, all sides insisted that Tillerson meant no disrespect in deciding to skip the April 5 gathering.

By Karen DeYoung • Read more »

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To whom it may concern:

I met Jeffrey Epstein half a dozen years ago. We have been in regular contact since, with many long and often in-depth discussions about a very wide range of topics, including our own specialties and professional work, but a host of others where we have shared interests. It has been a most valuable experience for me.

In the area of his own direct engagements, I have learned a great deal from him about the intricacies of the global financial system, about complex technical issues that arise in the often arcane world of finance, and about specific cases in which I have a particular interest, such as the financial situation in Saudi Arabia and current economic planning and prospects there. Jeffrey invariably turns out to be a highly reliable source, with intimate knowledge and perceptive analysis, commonly going well beyond what I can find in the business press and professional journals.

Turning to my own special interests in linguistics, cognitive science, and philosophy of language and mind, Jeffrey constantly raises searching questions and puts forth provocative ideas, which have repeatedly led me to rethink crucial issues.

We have also had (for me) very rewarding discussions on many other topics, for example the prospects for Artificial Intelligence, deep learning, multi-layered neural nets, automation and robotics, singularity, and related matters, exploring the claims and predictions and looking closely at the results that have been achieved, their intellectual contributions and social import. We have also discussed many other issues, ranging from intellectual history, to world affairs and contemporary geopolitics, to foundations of mathematics, to such matters as recent discoveries about communication in the plant world. He has also tried, so far with limited success, to carry forward my wife Valeria's efforts to introduce me to the world of jazz and its wonders. Whatever comes up, Jeffrey not only has a lively interest but also unconventional and challenging ideas and thoughtful suggestions.

Given the range and depth of his concerns, I suppose I should not have been surprised to discover that Jeffrey has repeatedly been able to arrange, sometimes on the spot, very productive meetings with leading figures in the sciences and mathematics, and global politics, people whose work and activities I had looked into though I had never expected to meet them. Once, when we were discussing the Oslo agreements, Jeffrey picked up the phone and called the Norwegian diplomat who supervised them, leading to a lively interchange. On another occasion, Jeffrey arranged a meeting with former Israeli Prime Minister Ehud Barak, whose record I had studied carefully and written about. We have our disagreements, but had a very fruitful discussion about a number of controversial matters, including one that was of particular interest to me: the Taba negotiations of January 2001, in the framework or President Clinton's "parameters," events that remain obscure and controversial because the diplomatic record is still mostly secret. Barak's discussion of the background was illuminating, also surprising in some ways. In very different areas, much the same was true in meetings Jeffrey arranged with evolutionary biologists, neuroscientists, mathematicians and computer scientists, several of

them engaged in exciting work at the limits of understanding in their fields, sometimes with perspectives quite different from mine. More lively interchanges, in which Jeffrey was once again an active participant, often an effective gadfly.

The impact of Jeffrey's limitless curiosity, extensive knowledge, penetrating insights, and thoughtful appraisals is only heightened by his easy informality, without a trace of pretentiousness. He quickly became a highly valued friend and regular source of intellectual exchange and stimulation.

Noam Chomsky
Institute Professor (emeritus), MIT; Laureate Professor, U. of Arizona

Women Advance

Women Empowerment and Self-realization

Our Mission

- Our mission is to support enhance women professional and personal growth and fulfillment
- We are deeply committed to providing achievement-driven women with Inspiration, Guidance, and Networking

Our Target Audience

- Millennial women pursuing various careers ranging from art and fashion, to finance and politics;
- Female professionals who have reached the middle management position and are struggling to break through the glass ceiling;
- Women seeking a transition in order to fulfill their potential and receive recognition.

Our Approach

- We organize and conduct seminars with women speakers leaders in their industry
- TED Talks for Women in a seminar format
- We connect women with mentors in the industries of their interest

Topics of interest

- Sexual harassment
- Sexual abuse
- Negotiations/ salary and promotion negotiation skills
- Gender inequality, sexual discrimination, income disparity
- Women founders
- Communication challenges
- Conflict management skills for women
- Building leadership skills
- Obstacles in the way of success and the way to overcome them

Timeline – measurements of success

	2018	2019	2020
Number of seminars	3	4	8
Number of attendants	20	30	50

First speakers

- Kathryn Ruemmler is an attorney who formerly served as White House Counsel to President Barack Obama. She previously worked as Principal Deputy White House Counsel
- Helen Fisher, PhD Biological Anthropologist, is a Senior Research Fellow, The Kinsey Institute, member of the Center for Human Evolutionary Studies in the Department of Anthropology, Rutgers University and Chief Scientific Advisor to the Internet dating site Match.com. She has conducted extensive research and written six books on the evolution and future of human sex, love, marriage, gender differences in the brain and how your personality style shapes who you are and who you love
- Erika Karp is an American entrepreneur, businesswoman and investment advisor as well as a writer and speaker on issues related to sustainable finance. She is the Founder and Chief Executive Officer of Cornerstone Capital Inc., an investment firm
- Suzanne King is a partner at NEA, one of the largest and most successful Venture Capital companies in the United States.
- Nell Derick Debovoise is the Founder & CEO of Inspiring Capital, a certified B Corp that powers purposeful growth with uniquely integrated training, consulting, and community offerings; Forbes contributor
- Arianna Huffington
- Karly Kloss

Why is this important? /draft

- 60% percent of American women said they had been the victims of sexual harassment
- 33 million U.S. women have been sexually harassed—and 14 million sexually abused—in work-related episodes. 95% report that male perpetrators of such abuse usually go unpunished
- Women working full time in the United States are still earning 80% of what men earn (2016)
- Female CEOs get only 2.7% of all venture capital
- Between the years 1997 and 2015 the number of women-owned businesses increased by 74%

Price model/ draft

- Ticket price 300 – 500 USD; TBD
- Amount of tickets 20-30
- Frequency: 2018 – April, June, September

Creative ideas/ draft

- Combine with useful healthy activities
- Beauty rituals workshops
- Nutrition/ fitness
- Retreats
- Branded events/ sponsors

PARK PARTNERS

320 EAST 82 ST | NEW YORK | NY

November 23, 2015

Dear Partner,

I hope this letter finds you well – please see the below updates on the Park Mansion:

I am happy to report that we have completed the building's demolition stage. I have included a few photos for your reference.

Furthermore, we are very close to filling our building permit and we have finalized our design for the units. Please see the attached plans. The team is finishing interviews with General Contractors (GCs) and has come down to the final five GCs that will be allowed to bid on the project.

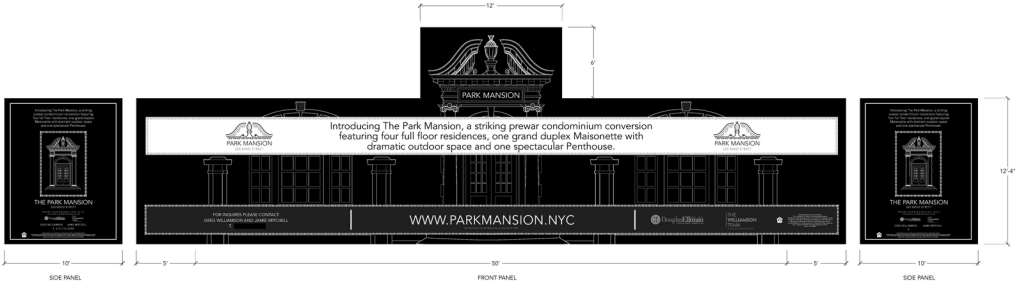
Additionally included are visuals for the sidewalk shed and a rendering for the website.

Please fell free to contact me if you have any questions at [redacted] or [redacted]

Thank you so much for your trust and friendship,

David J. Mitchell

801 Madison Avenue, New York, NY 10065
[redacted]



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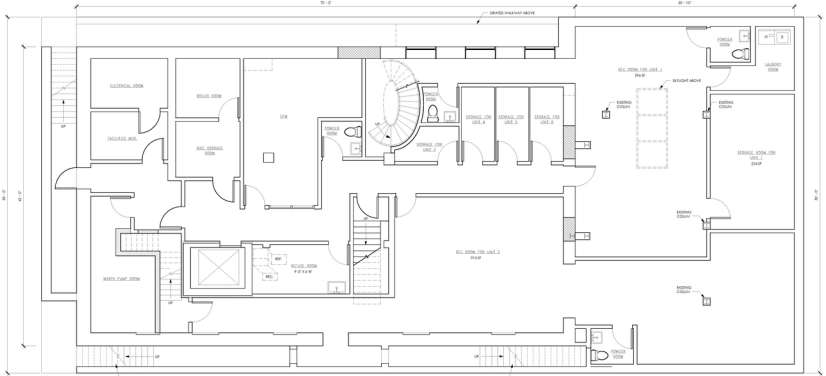
PARK MANSION
920



JEFFREY COLE ARCHITECTS

28-GAST 3RD STREET
GROVER FLOOR
NEW YORK NY 10009

PHONE
[redacted]

No.	Revision	Date

Project Number

Date Issued

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1	2018-11-14
2	2019-03-07

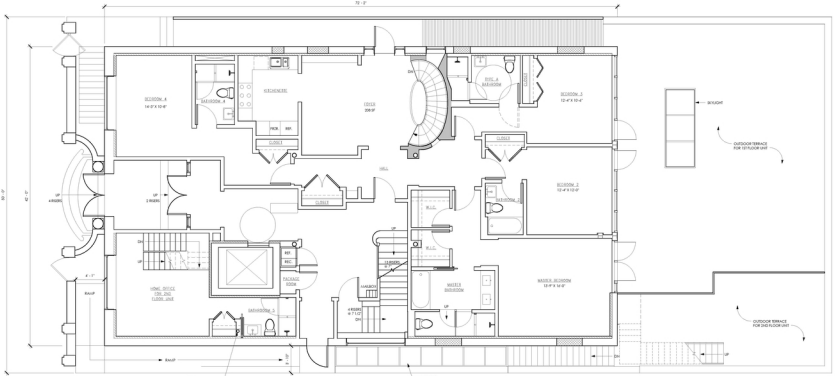
CELLAR PLAN

Sheet Number

A-100.00

Sheet Of

1 of 8



1 1ST FLOOR
1/4" = 1'-0"

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COLE
ARCHITECTS

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Checked by: J.C.A.P. / J.C.A.P.

Project Name: 320 EAST 82ND STREET

Date: 2018-11-16

Scale: 3/8" = 1'-0"

FIRST FLOOR PLAN

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Sheet No.: 2 of 8

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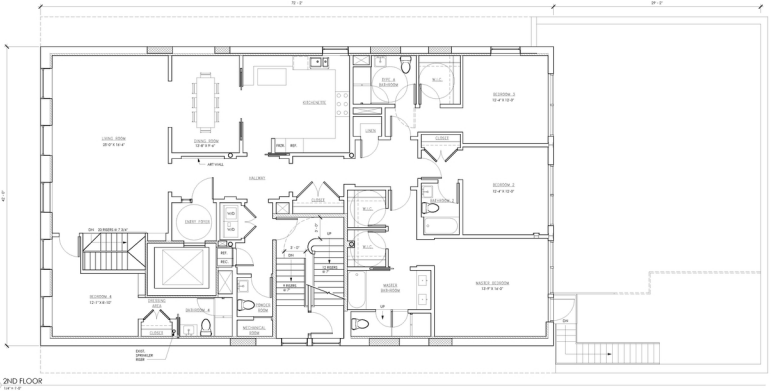

1 2ND FLOOR
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320 EAST 82ND STREET

Date	2019-11-14
3	3-D & EXT

SECOND FLOOR PLAN

A-102.00

2 of 8

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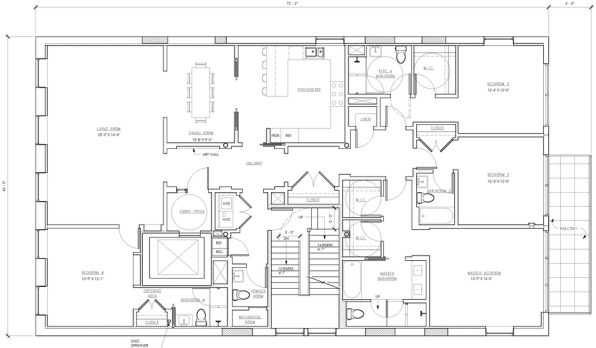

1 3RD FLOOR
1/8" = 1'-0"

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Date of Issue

Revision Number

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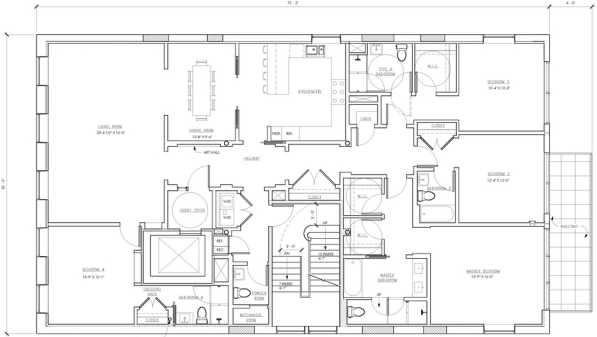
No.	Issue	Date
1		2018-11-14
2		2019-01-07

THIRD FLOOR PLAN

Drawing Number

A-103.00



1 4TH FLOOR
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PHONE
[redacted]

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Project Number

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2 11-3-19 SET

FOURTH FLOOR PLAN

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Sheet

3 of 9

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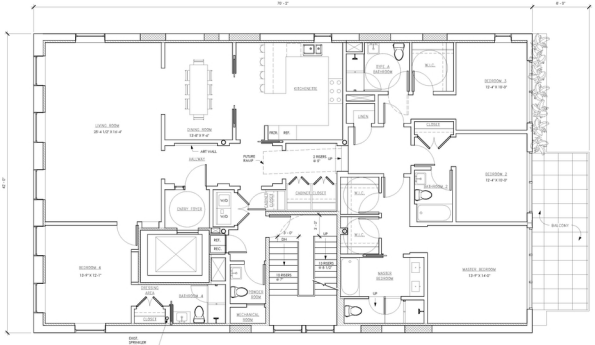

1 5TH FLOOR
1/4" = 1'-0"

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Project Number: 2017-01

Issued for Permit: 10-17-2018

Issued for Bid: 11-13-2018

Issued for Construction:

Issued for Record:

320 EAST 82ND STREET

Issue Date:
1 2018-11-14
2 11-13-18 BID

FIFTH FLOOR PLAN

Drawing Number:
A-105.00

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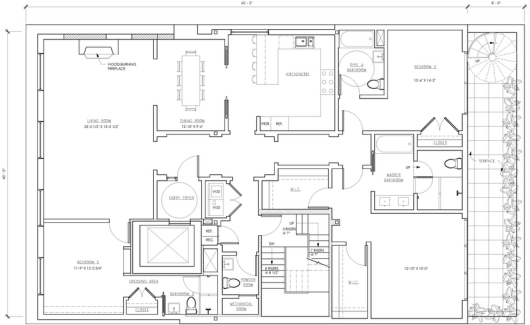

1 6TH FLOOR
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PHONE
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No.	Revision	Date

Date of Issue

Revision Number

Scale

320 EAST 82ND STREET

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2019-09-09

3-3-9-9-9-17

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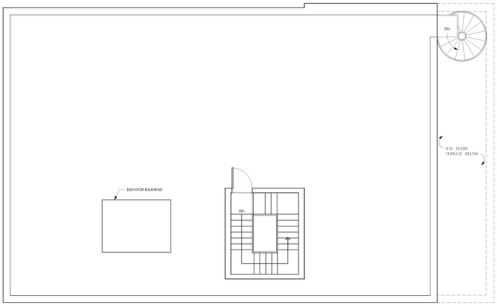
SIXTH FLOOR PLAN

Drawing No.

A-106.00

Sheet

7 of 9



1 ROOF
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JEFFREY
COLE
ARCHITECTS

298 EAST 3RD STREET
GROUND FLOOR
NEW YORK NY 10009

PHONE: 212.375.8000
FAX: 212.375.8006

No.	Revision	Date

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Project: 320 EAST 82ND STREET

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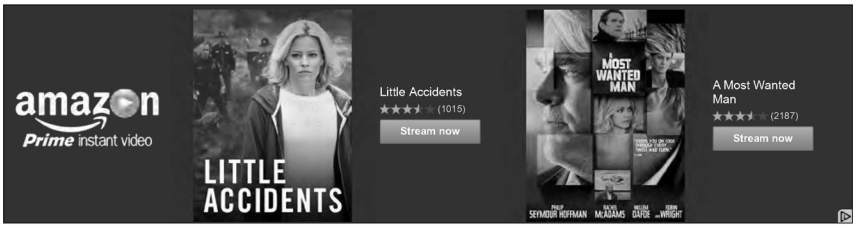


REAL ESTATE

The Upper East Side's last affordable pocket goes luxe

By Hana R. Alberts

September 9, 2015 | 7:56pm

Take in views of Yorkville (and beyond) from a posh 20 East End Ave. terrace.
Photo: Hayes Davidson

It's a tale (practically) as old as time. When New York City real estate thrives, home builders and buyers seek to colonize neighborhoods previously deemed undesirable.

The Financial District was once the exclusive domain of nine-to-fivers; these days, every other office building is a condominium. Along the Hudson River, midtown Manhattan used to be an industrial no-man's-land of warehouses and strip clubs.

No more — residential projects abound. And now the Upper East Side neighborhood dubbed Yorkville, which stretches from about 72nd to 96th streets east of Third Avenue, is ready for its turn.

TRENDING NOW ON NYPOST.COM

The area, defined by its dearth of all-glass towers and plethora of tree-lined streets, has long been a favorite for blue-bloods looking to live near prep schools and the FDR Drive — for weekend getaways out East, of course.

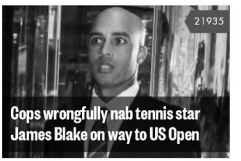
But as both land and condo prices hit record highs, it's attracting a fresh wave of interest. More than a dozen new buildings are on the way, and with them a crop of buyers who see Yorkville as a place where apartments are a relative bargain.

Yes, until the Second Avenue subway comes online in late 2016, public transportation is limited as you approach the East River. But the Q extension's imminent completion — coupled with a new Whole Foods and easy access to parks, museums, hospitals and other family-friendly perks — all mean people want in on a neighborhood in the throes of a transformation from nice 'n' quiet to construction-induced, decibel-busting busy.

Extell Development sure wants a piece of the action, shelling out $100 million for a Gristede's grocery store on 86th Street near First Avenue. (The property giant already owns at least four tenement buildings in the vicinity, and reports say it's cobbled together enough land to build something big.) Extell has also filed plans for two smaller projects on 92nd Street and Second Avenue, plus, it's already begun the foundation of a 30-story building at the corner of 95th and Third Avenue, just a block south of the boundary with East Harlem. Called The Kent, sales of 83 luxe two- to five-bedroom residences in a handsome brick structure will hit the market in the fourth quarter. Talk about flooding the zone!

A biker tackles Carl Schurz Park's scenic promenade along the East River.
Photo: NY Post Brian Zak

Note that The Kent, set for completion in the fall of 2017, is replacing a row of walk-up tenements that used to dominate their block. Similarly, Icon Realty spent less than $50 million for a comparable row on Second Avenue in the 80s, which it is demolishing



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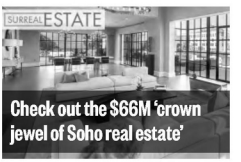

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with the goal of putting up a chic high-rise on the site. It's markedly cheaper than Extell's deal, in part because Icon started assembling properties in 2007. (Icon is working on a second high-rise as well as a shorter rental building in the same neck of the woods.)

Just look to other data and the same trend emerges. In 2010, Yorkville's median sale price was $663,500, according to real estate listings site StreetEasy. Compare that to the first seven months of this year — it's 14 percent higher, at $757,500. But remember, the sub-market remains cheaper relative to the Upper East Side at large, which boasts a year-to-date median of $1.15 million.

Get your fill of brats and glass boots of Warsteiner at Heidelberg.
Photo: Stefano Giovannini

Despite the building boom, some low-rises remain, housing institutions, such as German butcher Schaller & Weber and beer garden Heidelberg, that are vestiges of centuries past when Yorkville was an immigrant enclave.

Schaller & Weber owner Ralph Schaller happily holding his weisswurt.
Photo: Anne Wermiel/NY Post

Let's hope they can hang on: Even more small buildings were razed to make way for star architecture firm SHoP (of Barclays Center fame) to design a tower of 83 condos with Anbau Enterprises at the corner of 89th Street and First Avenue. The building, dubbed Citizen360 because its height will afford many residents an all-around view of

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the neighborhood, will have 6,000 square feet of amenity space that ranges from music rehearsal and art rooms to a gym and children's play area. Apartments go on sale this fall, with pricing in the $1.3 million to over-$12 million ballpark.

The latest rendering for skyscraping Citizen360.
Photo: SHoP Architects

"The site was highly undervalued because it was so far east, and there were no good transportation links, and people just weren't interested or willing to go there. But we saw opportunity," says Barbara van Beuren, Anbau's managing director. "I think the absolute prices are manageable. This is not a building full of $10 million apartments." Still, it points to a future far more expensive than the current data shows.

Just one block from 113-year-old Jewish bakery Glaser's, which churns out delicious black-and-white cookies, Citizen360's shimmery facade will rise 410 feet above street level. But trumping them all will be DDG's under-construction goliath on 180 E. 88th St. At 521 feet, it will be the tallest structure on the Upper East Side north of 72nd Street. Its 48 apartments with 16-foot ceilings and custom lobby artwork launch sales this fall, with two-beds starting from $3.4 million, three-beds from $4.5 million and four-beds from $7 million.

It's not all about living among the clouds, though. Michael D'Alessio, president of Michael Paul Enterprises, oversaw the overhaul of two smallish rental buildings east of Third Avenue into boutique luxury projects. "They were prime locations for condominiums catering to families," says D'Alessio of the projects, 225 E. 81st St. (a.k.a The Justin) and 554 E. 82nd St., which have nine apartments between them. "They are three or four bedroom units, with big living and dining areas with fireplaces, and they all have outdoor space." Six have been snatched up, with asks ranging from $2.25 million for a two-bedroom to $5.99 million for a four-bedroom.

A fireplace-sporting unit inside 554 East 82nd St.
Photo: Michael Paul Enterprises

Meanwhile, another rental-to-condo conversion — Carnegie Park — attracted first-time buyer Elizabeth Dean, who realized Yorkville offered more bang for her buck after house-hunting in lower Manhattan.

"Originally, I wasn't going to go north of 86th Street. I didn't know what was above there," says Dean, 29, who works in finance, paid $1,184 per square foot for her one-

bedroom and loves the restaurants, bars and grocery stores that dot the area

First-time homebuyer Elizabeth Dean in a model unit at Carnegie Park. She moves into her own one-bedroom soon.
Photo: Brian Zak

In July, StreetEasy reports Yorkville's median price per square foot was $1,098, up 5.1 percent from the year prior and a whopping 29.8 percent from the month prior. The Upper East Side as a whole, of course, boasts a higher median: $1,694 per square foot in July.

"It'll actually be a great investment," Dean says. "Downtown is extremely pricey, and I think there's a lot more upside to the Upper East Side."

Part of Carnegie Park's makeover includes a slate of plush amenities designed by classicist Robert A.M. Stern, the architect behind famously ritzy buildings like 15 Central Park West. (The pool, the roof deck and the in-house "mini-Equinox" gym lured Dean.) Available apartments range from a $955,000 one-bedroom to a $7.15 million penthouse.

You'll be able to drive up to 20 East End in style via its porte-cochère and motor court. (The latter is depicted in the rendering.)
Photo: Hayes Davidson

Stern is also working on a ground-up project at 20 East End Avenue that could pass as a setback-laden prewar, with old-school details like a porte-cochère, which allows residents to enter in a vehicle via an archway from the street and drive right up to the lobby door in a circular motor court. One of these hasn't been a part of any newly constructed building since the 1930s! About half of its 43 condos, spread across 18 stories, are in contract from $4.49 million to $14.25 million.

Still, three-fourths of New York City residents are renters, and the Upper East Side's new crop of construction has something for them, too. Related has topped out on a 36-story tower at 205 E. 92nd St., where a playground used to sit. The uber-fancy development will have a massive two-story Equinox gym and a private school for kids with language-based learning disabilities on its lower floors.

The under-construction rental at 205 E. 92nd St.
Photo: Brian Zak

The apartments above, set for completion and leasing in the spring of 2016, will have layouts that skew in favor of three- and four-bedrooms. "There will be thermostats programmable remotely on all the A/C units, and motorized shades in some of the units," says Bryan Cho, executive vice president at Related Companies. "From the marble bathrooms to the highly designed public spaces and the amenities, it's what's usually in condominiums."

On the rental market sooner is The Rose Modern, a 20-story, 82-unit tower currently finishing up construction on York Avenue. The leasing office will open the first week of October offering "competitive" rents for a luxury building, according to Bond New York's Douglas Wagner, with move-ins slated for November and December.

An art-infused kitchen inside a condo at The Charles.
Photo: Evan Joseph Images

Want to buy now, and move in immediately? The building most ahead of the curve is The Charles. Previously stalled after 2008's downturn, the 32-story condo at 1355 First Ave. got redesigned to emphasize large full-floor apartments before breaking ground in 2012. And it's paid off. There are four units left out of 27 total, which started at $5.97 million. A recent sale of the top six floors to two unidentified relatives for a total of $59 million made headlines. That price? On *First Avenue*?

"The preconceived idea of what was considered prime and where you would build luxury has completely changed," says Jason Karadus of Town, who is director of sales for the Charles along with Ginger Brokaw. "A lot of people in the industry smirked at the pricing — about $2,500 per square foot … Now it's not so risky, which is why you're seeing companies like Extell building up what's left to be developed up there."

First look! Once a three-story garage, 302 E. 96th St. will become a 21-story luxury condo.
Photo: Handout

Every developable parcel seems to be getting snatched up. Just take a three-story garage on 302 East 96th Street, which developer Wonder Works bought in March for $24 million. On the northernmost border with Harlem, the developer plans to put up a 21-story, 48-unit "affordable luxury" condo building — basically right on the approach to the FDR. (Don't worry, the facade will have extra soundproofing.)

"The Second Avenue subway station for 96th street, which will be one of the first ones opened, is just 200 feet away," says Eric Brody, Wonder Works' managing partner, who adds that brokers are recommending asking prices of $1,500 to $2,300 per square foot when units go on sale next year. "The buyer is anyone who can't afford to be in all these downtown neighborhoods, but still wants to live in the city and have incredibly close access to a train."

Public transit of the future is why Andrew Ellis bought a fixer-upper on 95th Street and Second Avenue in 2013. The 31-year-old consultant paid a mere $430 per square foot for a one-bedroom garden-level duplex. Then came a massive year-long renovation that updated the windows and kitchen appliances. He also completely redid the backyard, adding a rear deck and koi pond. In Yorkville, Ellis discovered a "neighborhood feel" that was a far cry from the raucous scrum of Murray Hill, where he had been renting.

"I had sort of grown out of that," says Ellis, who is no longer alone in his move uptown. "My high school friends and some college friends are migrating to the Upper East Side. One is two doors down, literally, and two others are a few blocks away. Having that subway there eventually is really what did it for me. This place can only go up."

Andrew Ellis stands in his Yorkville backyard, which he completely redid, adding a deck (so that the outdoor space was accessible from the upstairs living room of the duplex) and a koi pond.
Photo: Brian Zak

anbau

360 East 89th Street
New York, NY

DESCRIPTION

360 East 89th Street is a new construction luxury condominium building located in Manhattan's Upper East Side between Carl Schurz Park on the East River and the new Second Avenue subway. The building will offer a full range of residence types, all with floor to ceiling windows, innovative kitchens, and high ceilings. Over 7,500 SF of amenity space will be available for the residents' use and an on-site, fully automated parking facility is also planned.

COMPLETION DATE

2017

SIZE

209,000 SF, 34 stories

UNIT MIX

83 one, two, three, four bedroom and penthouse units

AMENITIES

24 hour doorman, gym and fitness studio, children's playroom, catering kitchen, tenant and bike storage, common laundry & automated parking facility

TEAM

Architect	SHoP Architects
Interior Designer	Clodagh Design
Engineers	Cosentini Associates
	Thornton Tomasetti
Marketing & Sales	The Corcoran Group
Creative Agency	IF Studio
Contractor	Ryder Construction, Inc.

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Big Ticket 1355 First Avenue | MICHELLE HIGGINS

Four Floors, One Apartment

A three-apartment penthouse combination, spanning the top four floors of the Charles condominium at 1355 First Avenue, sold for $37.94 million and was the most expensive closed sale of the week, according to city records.

$37,940,000

SAM HODGSON FOR THE NEW YORK TIMES

1355 First Avenue

The price is the highest ever paid for a home on the Upper East Side east of Third Avenue, according to CityRealty, which tracks co-op and condo sales.

The common charges for PH1, an 11,740-square-foot quadruplex with 1,300 square feet of private terraces on two levels and views that extend north, south and from river to river, are $10,547 a month. Taxes are $4,048 a month, abated through 2020.

The buyer, who was shielded under a limited liability company, CRE Acquisition L.L.C., created the sprawling unit by combining the original duplex penthouse, priced at $16.5 million, with the two contiguous floors beneath, one priced at $10.81 million and the other at $10.63 million.

The three apartments, on floors 29 to 32, comprise a dozen bedrooms and 12 and a half bathrooms. But according to a publicist for the Charles, the buyer, who is American, is creating a custom configuration with 12-foot ceilings and a private elevator.

"It's like having a townhouse, but with views and the services of an ultraluxury condominium," said R. Ramin Kamfar, the chief executive of Bluerock Real Estate, which is developing the project with the Victor Group.

The buyers were represented by Beth Benalloul of the Corcoran Group, who declined to comment.

The Charles, a 27-unit glass-and-limestone condominium designed by Ismael Leyva, is on First Avenue between 72nd and 73rd streets, a neighborhood with more tenement-style walk-ups and postwar high-rises than ritzy townhouses and luxury condos.

"There was always a line of delineation," said Ginger Brokaw, an associate broker with Town New Development, who is handling sales at the Charles with Jason Karadus, also of Town. "West of Third was considered better than anything east of Third." But now, with the Second Avenue subway underway, she said, there has been "a shift in luxury commercial and residential real estate toward the East River."

Units at the Charles have eat-in kitchens with Miele and Sub-Zero appliances, soundproofing components like under-floor padding, and master bedroom suites with dressing areas, walk-in closets and marble soaking tubs. Interior finishes, designed by David Collins Studio, include white oak and marble floors.

Building amenities include a children's lounge, private storage, a fitness center, a game room and 24-hour doormen and concierges. Five full-floor four-bedrooms are still for sale from $6.58 million to $9.88 million.

Big Ticket includes closed sales from the previous week, ending Wednesday.

From: Nicholas Ribis [redacted]
Sent: 1/21/2016 2:28:39 PM
To: 'jeffrey E.' [jeevacation@gmail.com]

Importance: High

Jeffrey – I told u weeks ago that Davis would issue a report critical of Leon and board read article in Post business page re Davis Report and Caesars – and DJT will be President -- Nick

Nicholas Ribis
President/CEO
NLR Ventures
60 Morris Turnpike 2FL
Summit, NJ 07901
O: [redacted]
F: [redacted]

****
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Thank you.
****

From: Nicholas Ribis [redacted]
Sent: 4/25/2016 2:04:49 PM
To: 'jeffrey E.' [jeevacation@gmail.com]

Importance: High

Remind ur friend that I designed the DJT business comeback and now he may be the President

Nicholas Ribis
President/CEO
NLR Ventures
60 Morris Turnpike 2FL
Summit, NJ 07901
O: [redacted]
F: [redacted]

****
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Inference: International Review of Science

Feedback & Comments

November 2018

David Adger

Professor of Linguistics at Queen Mary University of London.

"Thanks for the hardcopy of the last issue. It was really interesting,"

Egil Asprem

Associate Professor in the History of Religions at Stockholm University.

"It is exciting to see text moving toward production - and quite an impressive job by the editors in cutting the text so much while retaining the essentials in an elegant way!"

"It's been a pleasure working with you!"

Pamela Asquith

Professor of Anthropology, University of Alberta.

"The journal looks very interesting indeed and I feel it is an honor to be invited to contribute."

Jeremy Avigad

Professor of Philosophy at Carnegie Mellon University.

"I have been reading and enjoying a number of articles in Inference. *I am impressed; it is a very nice publication."*

Jeremy Bersntein

Professor emeritus of physics at the Stevens Institute of Technology.

"So many thanks. This worked out very well. The editing was excellent although the caricature of me looked more like Donald Trump than me! I hope to work with you in the future"

"I read the issue with great interest and was pleased to see my quantum there."

"I thank the editors for their good editing. "

HOUSE_OVERSIGHT_022445

Robert Berwick

Professor of Computational Linguistics and Computer Science and Engineering at MIT.

"I am truly delighted that you and others have started publishing such a journal as Inference, which touches on so many of my own concerns and interests - I have been meaning for years to write articles on evolutionary theory (some like the fine ones you've already published); on big data and its discontents (I have one on the deep troubles with deep learning); on the sloppy connectome neuroscience (which you've covered); and so on - in fact, many of the topics on your "hit list". Your abbreviations alone are priceless."

Simon Blackburn

Professor of Philosophy at the University of Cambridge.

"Many thanks for the new issue link and for the prompt payment. Unusual in the publishing world."

"Fascinating. I had not realised how high you aimed."

Ralph Blumenthal

Former reporter for The New York Times.

"Thanks, looks impressive. Unable to take on anything else now but will keep in mind."

Cedric Boeckx

Research Professor at the Catalan Institute for Advanced Studies.

"Thanks for your invitation to contribute to Inference*, your patience & advice. I think it came out nicely."*

Alexander Bogomolny

Cut The Knot blog.

"I loved the journal - very broadly informative. I plan to making references to a few articles."

HOUSE_OVERSIGHT_022446

William Briggs

Independent writer, statistician, scientist and consultant.

"It would be my honor to accept your invitation. I know your journal. I especially like George Ellis's latest essay."

John Brooke

Professor of History and Anthropology and Director of the Center for Historical Research at Ohio State.

"Many thanks – I have been spending the last few minutes reading these letters, you have put together an excellent body of commentary."

Umberto Cannella

Physicist and currently educational specialist for the Swiss Space Center at the Polytechnic Federal Institute in Lausanne.

"I very much enjoyed the final form of the essay: the editing has really improved its completeness and readibility. The caricature was a nice plus of the collaboration: it was a pleasure to work with Inference *and I do hope to contribute again in the future."*

James Carny

Brunel University London.

"I read Inference *with great interest, and consider it to be one of the most useful publications for intelligent and challenging writing across all the disciplines."*

Gregory Chaitin

Professor at the Federal University of Rio de Janeiro.

"I enjoyed very much the pieces by David Berlinski and Kusala Rajendran. Looking forward to reading Are We Smart Enough to Know How Smart Animals Are?, a terrific title."

HOUSE_OVERSIGHT_022447

Swapan Chattopadhyay

Presidential Chair for Research, Scholarship and Artistry, Professor and Director of Accelerator Research at Northern Illinois University.

"Many thanks for seeking me out and your message. I am very impressed by the quality of individuals who have contributed to your on-line journal and its peer-less and informal character, which is conducive to creative and innovative expression."

Noam Chomsky

American linguist, philosopher, cognitive scientist.

"Looks like a fascinating issue, with a lot of material of special interest for me."

"Many thanks for sending. Much enlightening reading ahead."

"Many thanks for sending. Glad to see it. And the whole issue too, as always."

Marcin Chrząszcz

Physicist at the University of Zurich.

"Thank you for the new issue of Inference. *I see my good friend Joaquim Matias has written an article about my measurement :) Looking forward reading more in details!"*

Arthur Cody

American philosopher emeritus at San José State College in California.

"I have read several of the articles in the current Inference. I liked them all. You all, the editors, have worked very hard, I see, at getting the papers in a readable but not a condescending shape."

John Colarusso

Comparative linguist at McMaster University.

"It is an extraordinary journal. Fascinating!"

"I am so pleased to have had a chance to contribute to it."

HOUSE_OVERSIGHT_022448

Simon Conway Morris

English palaeontologist, evolutionary biologist, and astrobiologist.

"Thank you for your e-mail as well as sending me earlier a recent copy of Inference. *In principle I'd be happy to contribute a piece."*

Jay Cordes

Data scientist at Berkeley.

"*In addition to Data Science, I'm also very interested in Quantum Mechanics, so I may have to subscribe to your journal; it looks fantastic!"*

Emanuel Derman

South African-born academic, businessman and writer.

"I've been enjoying very much reading Inference *while I've been writing. It's an amazing endeavor and I wonder how it got started."*

Niall Ferguson

senior fellow of the Hoover Institution, Stanford, and the Center for European Studies, Harvard.

"Your new journal sounds excellent."

Robert Freidin

Professor emeritus in the Council of the Humanities in the Philosophy Department at Princeton University.

"Thanks again for the opportunity to write about linguistics for a general audience. It was an interesting and educational experience. I wish you great success with your journal."

HOUSE_OVERSIGHT_022449

Kieran Fox

Postdoc in Neurology and Neurological Sciences at Stanford.

"I had not heard of Inference *before but I looked into it and it looks like you have created a really classy and thoughtful venue. I was very impressed with the quality of the work and the list of illustrious contributors. I'm honored to be invited to contribute."*

Sheldon Glashow

Nobel Prize, Metcalf Professor of Mathematics and Physics at Boston University and Higgins Professor of Physics, emeritus, at Harvard University.

"I am honored to become an author for Inference.*"*

"Indeed I enjoyed the latest issue, and not just my own contribution. The editing process was most professional."

Sharon Glotzer

Distinguished University Professor of Engineering and the Stuart W. Churchill Collegiate.

"I am impressed with your journal having now read several articles."

Alex Golub

Associate professor at the Department of anthropology, University of Hawaï.

"I was not aware of your journal before receiving your message, and having read some of the reviews on your site I am impressed with the quality of both the authors and the content."

Monica Green

American historian and Professor of History at Arizona State University.

"I saw it last night. Thank you so much. It's already getting a lot of attention on Twitter."

HOUSE_OVERSIGHT_022450

John Hawks

Associate professor of anthropology at the University of Wisconsin–Madison.

"Thanks for getting in touch with me! I did see Tattersall's essay and really like the way that you handled that. It is a very nice format, and gives a great opportunity for a deeper discussion of scientific issues like this one."

"I received a copy of Inference. *I have been impressed by the work that I have seen published by other researchers in* Inference.*"*

William von Hippel

Professor and former head of the School of Psychology at the University of Queensland.

"Thanks, looks very interesting!"

Roald Hoffmann

Nobel Prize in Chemistry.

"*I really enjoyed your article in* Inference, *because you really tried to convey to a general educated audience what a synthesis is like. It is not easy, and I have tried.*"

Gerald Holton

American physicist, historian of science, and educator.

"Thank you for sending me Mr. Glashow's remarkable and engaging essay."

Jim Hudspeth

Laboratory of Sensory Neuroscience at The Rockefeller University.

"Wow! I am very impressed by both the range and the quality of the articles and responses that have appeared to date, several of which I have just read."

HOUSE_OVERSIGHT_022451

Tasneem Husain

Theoretical physicist, writer and educator, based in Cambridge.

"I have not yet had the opportunity of reading all the articles, but gauging from what I have read, this latest issue seems fascinating."

José M Igoa

Department of Basic Psychology Department at the University of Madrid.

"Thank you very much for the information about your journal and the link to David Lobina and Mark Benchley's review of Tom Wolfe's book. I have taken a look at the title of the articles you have published so far and they look pretty interesting indeed. I will voice the news about your publication to my colleagues."

Eva Jablonka

Israeli theorist and geneticist.

"Thank you very much for sending us the online ninth issue (very interesting and thought provoking)."

Andrew Jordan

Professor of physics at the University of Rochester.

"I have gone through the edited version of the book review. There were a lot of changes made, but I think you managed to keep most of my ideas and condense it in the editing process. Please pass along my thanks to David and the other editors for the editing/co-writing."

Alexander Kharazishvili

Chief Researcher in the Department of Mathematical Analysis at the A. Razmadze Mathematical Institute.

"Thank you very much for information and good news! Definitely, I will be reading this issue of Inference *with my great interest and I am sure I will enjoy it. Especially, I am proud to be among so eminent authors."*

HOUSE_OVERSIGHT_022452

"Many thanks for information concerning the new issue of Inference. *I will be reading the material presented in it with my great interest, especially because of very eminent persons among the authors of articles of this issue."*

William Kininmonth

Australian retired meteorologist.

"Thank you for advising of the availability of the fifth issue of Inference. *It has splendid articles and may the publication prosper."*

Matthew Kleban

Associate Professor of Physics and Director of the Center for Cosmology and Particle Physics at New York University.

"It seems to me that Ellis' criticism of my response is rather dishonest. He quotes part of a paragraph, and then attacks it ("Wrong…") on precisely the grounds that I addressed in the sentences following the part he quoted, which he ignores. Nevertheless, I'm glad to see this debate playing out in a serious publication (rather than on blogs etc)."

Lawrence Krauss

Foundation Professor of the School of Earth and Space Exploration at Arizona State University and director of its Origins Project.

" It is a remarkable collection. I am honored to be listed as a part of it."

Martin Krieger

Professor of planning at the Sol Price School of Public Policy at the University of Southern California.

"Inference *continues to have terrific stuff. Please tell the editors that what is being published in* Inference *is much better than what appears elsewhere in its areas of concern. Concrete, specific, interesting."*

HOUSE_OVERSIGHT_022453

Pieter Lemmens

Professor of philosophy and ethics at the Radboud University in Nijmegen, the Netherlands.

"I wanted to thank you both once again for all your excellent support and for the outstanding way in which my review has been edited and published on the beautiful Inference *website, including the caricature, which I really liked. I feel truly honored. And many thanks for the generous remuneration as well."*

David LePoire

Environmental analyst at the US national laboratory.

"Thank you very much. Your efforts in revising and editing this paper have improved it greatly. Although I like the figure, I realize that the table is more readable."

John Leslie

University Professor Emeritus, Fellow of the Royal Society of Canada.

"I am grateful for the issues of Inference that you have sent to me, all of them very interesting.

I admired its quality."

Audrey Li

Professor of East Asian Languages and Cultures and Linguistics.

"*Many thanks for bringing my attention to this excellent article. The writing is accessible and captivating. Hope you don't mind me helping to spread words about this article."*

Stuart Lindsay

Director of the Center for Single Molecule Biophysics in the Biodesign Institute, Arizona State University.

"The many requests from "vanity" publishers swamp out the genuine article. Your publication is very interesting. I enjoyed the articles in the link, even Jim Tour's which I think is based on silly science."

HOUSE_OVERSIGHT_022454

Wolf-Ekkehard Lönnig

Former research scientist at the Max Planck Institute for Plant Breeding Research in Cologne, Germany.

"Thank you very much for your informative mail and the print version of Inference. *I liked it and I have appreciated the quality of its selection of the range of substantial topics as well as its eminent contributors."*

Robert Losee

Professor at the UNC School of Information and Library Science

"Looking through your web site, I am impressed by Inference*!"*

Jean-Pierre Luminet

Director of Research at the CNRS Astrophysics Laboratory in Marseille and the Paris Observatory.

"I am quite amazed by the extraordinary improvement of our draft due to your strong implication in Quietanus' history. I really enjoy the new version as it is, and I thank you to have taken so quickly and efficiently the decision to publish it."

Jayadev Misra

Indian computer scientist, currently the Schlumberger Centennial Chair Emeritus and Distinguished Teaching Professor Emeritus at University of Texas at Austin.

"I looked over some of the back issues of your journal, and I am impressed by the quality of the publications (and the authors). It will be a great honor to write an article, but also extremely time-consuming."

Alexander More

Research Associate in Harvard department of History, Initiative for the Science of the Human Past .

"I've read several great reviews on Inference *recently."*

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Feedback & Comments

John Norton

Distinguished Professor at Department of History and Philosophy of Science, University of Pittsburgh.

"I've been reading the articles. Congratulations—a great issue!"

"An aside, if I may: I happen to writing some teaching materials on time travel universes and quantum mechanics for my online teaching book. So it was a welcome surprise to find articles on the very topic in Vol 3 and Vol 4 of your journal. Count me as a happy reader!"

Christof Paulus

Visiting lecturer in the Department of History at the Ludwig Maximilian University of Munich.

"It really has become a very interesting new issue of Inference. International Review of Science. *I'm happy to be part of it and I enjoy it very much."*

Philip Pilkington

Research analyst working in investment management and focusing on macroeconomic research.

"I read some of the articles online. Very good."

CP Rajendran

Indian geologist.

"I just opened the link and saw a wonderful list of articles. Looking forward to reading them. Kusala's article is highly liked by some readers in India."

Kusala Rajendran

Professor at the Indian Institute of Science's Centre for Earth Sciences in Bangalore.

"The piece shared with friends revieved very good comments. Lot of people would access the site now. Thanks for inviting me to do this and thanks for the great job."

HOUSE_OVERSIGHT_022456

Joris Roosen

PhD student at Utrecht University and is affiliated to the Research Institute for History and Art History.

"It was a pleasure to contribute to your journal."

Merrilee Salmon

Professor Emerita at the University of Pittsburgh in the Department of History and Philosophy of Science.

"I have read with great pleasure about half of the issue now, and I am delighted that my piece appears in such distinguished company."

Subir Sarkar

Head of the Particule Theory Group in Oxford's Department of Physics.

"I am still very interested in writing for Inference. *I do think it is unique - both in its style and coverage, and in its readership who I imagine are intellectuals in the broadest sense. It should be a privilege to write for it"*

"I am very impressed by the depth and quality of the contributions. There are critical literary journals (e.g. the London Review of Books) but I have not come across anything like this in the sciences."

Eric Scerri

Historian and philosopher of chemistry in the Department of Chemistry & Biochemistry at UCLA.

"What an excellent journal!"

Pierre Schapira

Professor Emeritus at University Pierre et Marie Curie, Paris 6.

"This issue seems extremely rich and interesting."

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George Scialabba

Contributing editor of the online art and literary magazine The Baffler.

"I look forward to reading it, as usual."

James Sharpe

Professor of Early Modern History.

"Again, my thanks for having been sent this, and I would like to extend my best wishes for the future of Inference*."*

Lawrence R. Smith

Entrepreneur, former academic, and a specialist in the Inuktitut (Eskimo) language for computational linguistics research.

"I appreciate your editorial work and have admired Inference *since its inception."*

Wolfgang Streeck

Director Emeritus and Professor at the Max Planck Institute for the Study of Societies in Cologne.

"Looks very good."

Ian Tattersall

Paleoanthropologist, American Museum of Natural History in New York City.

"Please thank your staff for a very nice production job. It has been a pleasure working with you, and I would be delighted to repeat the experience some time. Thanks again for showcasing my work. "

Mariam Thalos

Professor of Philosophy at the University of Utah.

"I am very gratified by your invitation, which I will be very happy to accept (and propose a topic) if you would still like me to do so after reading this email."

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Vangelis Tourloukis

Post-doctoral researcher in the Paleoanthropology Department of the Institute for Archaeological Sciences at the Eberhard Karls University of Tübingen.

"I enjoy and respect Inference*, and I really appreciate your invitation."*

Luca Turin

Biophysicist with an interest in biological electronics.

"A science article I wrote for Inference is now online. I am honored to find myself in the company of people whose writing I admire, like the great critic George Scialabba and the astronomer and cosmologist Jean Pierre Luminet. And I even like the caricature."

"The article looks great, many thanks. I would be happy to write some more for your excellent magazine."

Reidun Twarock

German-born mathematical biologist at the University of York.

"Many thanks for the link - I have read the essays with great pleasure."

Jaya Sivaswami Tyagi

Professor and Head, Department of Biotechnology, All India Institute of Medical Sciences.

"I have indeed received the print version of Inference in very good condition considering its size and was impressed by the product. I have glanced through it and will definitely read the articles and give you my feedback in due course of time."

Richard Wagner

Holbert L. Harris Professor of Economics at George Mason University.

"Thanks for sending along the new issue of Inference*. Your journal has established a wonderful editorial policy of presenting deeply thoughtful examinations of a broad range of scholarly topics. Not only do I plan to keep up with Inference going forward, but also I will convey my enthusiasm for your journal to those colleagues of mine who I think will be interested."*

HOUSE_OVERSIGHT_022459

Swede White

Wolfram Research.

"The journal's content is quite interesting, and this sounds like a wonderful opportunity."

William A. Wilson

Entrepreneur and artificial intelligence researcher.

"I hadn't previously heard of your magazine, but when I clicked over to your website my eye was immediately caught by Gregory Chaitin's article, as he is one of my favorite mathematicians. I also read with great pleasure "Categories: From Zero to Infinity" by Pierre Schapira, which did an excellent job of communicating a highly technical subject. I'm now looking forward to perusing the rest of the site when I have time!"

Natalie Wolchover

Award-winning science writer, she has covered the physics beat on staff at Quanta Magazine since the magazine's launch in 2013.

"Thank you very much for the invitation to write for your excellent journal. I have read many wonderful essays in Inference*, and would be honored to contribute, if only I had the time and energy to do so.*

I hope we can stay in touch and perhaps revisit the possibility of my writing for you at a future time. I especially appreciate how long and technical, but still crystal clear, your articles tend to be, permitting great depth and thoroughness. Congratulations to you and your team."

HOUSE_OVERSIGHT_022460

French authors

Aurélien Barrau

Astrophysicist specializing in general relativity and cosmology. He is a professor at the Université Grenoble-Alpes.

"Ca semble très intéressant, merci ! "

Jean-Paul Delahaye

Mathematician, professor emeritus in computer science at the University of Lille.

"Ce fut un plaisir de travailler avec vous et j'espère que nous aurons d'autres occasions de le faire."

Gilles Dryancour

Honorary Chairman of the Public Policy Group of CEMA, a European trade association.

"*Un grand merci pour l'information et la publication. C'est un plaisir d'être publié dans votre revue. "*

Jean-Pierre Dupuy

Professor Emeritus of Social and Political Philosophy at the École Polytechnique in Paris and Professor of Political Science at Stanford University.

" Merci beaucoup! Ce numéro se présente excellemment, et je suis fier d'être en aussi bonne compagnie. "

Djillali Hadjouis

Paleoanthropologist and associate researcher at the CNRS.

"Les traducteurs ont fait un excellent travail. Je vous remercie de votre envoi. Comme d'habitude, ce nouveau numéro livre d'intéressantes contributions. "

HOUSE_OVERSIGHT_022461

Henri Lepage

Economist well-known for Demain le capitalisme (Tomorrow, Capitalism) and Demain le libéralisme (Tomorrow, Liberalism).

"*En tous les cas, bravo pour cette initiative. "*

René Lozi

Mathematician in the Laboratoire Jean-Alexandre Dieudonné at the Université de Nice Sophia-Antipolis.

*"Je vous remercie très vivement, ainsi que par vous l'équipe éditoriale d'*Inference*, d'avoir accepté ma lettre. J'ai été très intéressé de découvrir votre revue. Je suis également très honoré d'être publié en compagnie de mathématiciens célèbres. "*

From Twitter

"Thoughtful, thorough, wide-ranging, and well written analyses. A rare find amidst a surfeit of shallowness."

"As a general and very ordinary reader, I just wanted to thank you for making available such damned interesting stuff." -- C. Van Wert

HOUSE_OVERSIGHT_022462

Courtney Wild, 30, was a victim of serial sexual offender Jeffrey Epstein beginning at the age of 14. Epstein paid Wild, and many other underage girls, to give him massages, often having them undress and perform sexual acts. Epstein also used the girls as recruiters, paying them to bring him other underage girls. Epstein, 65, a hedge fund manager, splits his time between the Virgin Islands and Palm Beach, Fla.

Photos by MIAMI HERALD

Jena-Lisa Jones, with her 18-month-old son, Raymond, says she was 14 when she was introduced to Jeffrey Epstein and was paid $200 by him to give him a massage at his home. Jones says Epstein told her to take off all of her clothes and that he fondled her during the massage.

Lawmakers issue call for investigation of Epstein deal

By JULIE K. BROWN, ALEX DAUGHERTY and CAITLIN OSTROFF
Miami Herald

MIAMI — More than two dozen lawmakers are demanding an investigation into possible misconduct by U.S. Secretary of Labor Alexander Acosta, who, as a former federal prosecutor in Miami, helped broker a secret plea deal for a multimillionaire accused of running an underage sex trafficking network.

The lawmakers, mostly Democrats, have sent several letters to Michael E. Horowitz, inspector general for the Department of Justice, calling for a probe into Acosta's role in the 2008 plea deal for Little St. James resident Jeffrey Epstein.

Epstein, 65, a hedge fund manager who splits his time between the Virgin Islands and Palm Beach, Fla., faced a possible life sentence for molesting dozens of girls, but was instead granted federal immunity as part of a non-prosecution agreement approved by Acosta when he was U.S. Attorney for the Southern District of Florida.

Thus far, 34 senators and members of the House have called for a probe of the Epstein case, including two Republicans, Sen. Marco Rubio and Sen. Ben Sasse, chairman of the Senate Judiciary Committee's subcommittee for oversight.

The requests come one week after the Miami Herald published an investigation, "Perversion of Justice," that revealed how federal prosecutors worked with Epstein's high-profile lawyers to craft a deal that would keep him out of prison. Instead he would serve a brief jail stint.

Acosta agreed, despite a federal law to the contrary, that the deal would be kept from Epstein's underage victims until after Epstein was sentenced, thereby making it impossible for them to appear in court and possibly derail the agreement.

The Herald identified nearly 80 possible victims, most of them 13 to 16 years old. Several of them, now in their late 20s and early 30s, told the Herald that they felt betrayed by Acosta and other prosecutors who failed to treat them as victims and labeled them as prostitutes — even though they were under the age of consent.

Acosta, 49, was confirmed as President Donald Trump's labor secretary in April 2017. During his hearings, Sens. Tim Kaine and Patty Murray questioned Acosta about Epstein's deal but Acosta never explained why he agreed to have it sealed.

He was approved by the Senate, 60-38, with eight Democrats and one independent voting in favor of his appointment.

"At the end of the day, based on the evidence, professionals within a prosecutor's office decided that a plea that guarantees someone goes to jail, that guarantees he register (as a sex offender) generally and guarantees other outcomes, is a good thing," Acosta said during his hearings.

As secretary of labor, Acosta oversees a massive federal agency that provides oversight of the country's labor laws, including human trafficking.

He had been on a list of possible successors to former Attorney General Jeff Sessions, but was said to have been eliminated from consideration after the Herald published its series online last week.

The Miami Herald identified nearly 80 possible victims, most of them 13 to 16 years old. Several of them, now in their late 20s and early 30s, told the Herald that they felt betrayed by former federal prosecutor Alexander Acosta — who now works for the Trump administration — and other prosecutors who failed to treat them as victims and labeled them as prostitutes — even though they were under the age of consent.

On Thursday, a group of senators, led by Murray, the ranking Democrat on the Senate panel that oversees the Department of Labor, wrote a letter to Horowitz, questioning whether Epstein used his connections to not only secure a lenient sentence, but to obtain immunity for other people who were involved or knew about his sexual exploitation of minors.

"Our justice system is predicated on the fundamental value that no individual is above the law, and to that end, it is essential that plea agreements involving well-connected individuals not only follow the law and standard practice, but also stand up to scrutiny," said the letter, signed by 15 other members of the Senate.

Rubio on Thursday also called upon the Justice Department to explain how such a deal could have happened.

"There should be a little bit more clarity as to why that case was resolved the way it was resolved," Rubio said. "Because for most people that read it, it doesn't make sense."

From 2001 to 2006, Epstein assembled a large cultlike network of underage girls — most of them from disadvantaged backgrounds — to give him massages. He then coerced them into sex acts and paid them to recruit other girls to bring to his Palm Beach mansion, three to four times a day, according to police.

The Herald's examination of thousands of court records, emails and FBI records also showed that after the deal was struck, it effectively shut down an ongoing FBI probe into whether Epstein was trafficking girls and young women from around the country and from overseas for sex parties attended by other powerful people at his mansions in New York, New Mexico and on his private island in the Caribbean.

Federal prosecutors had prepared a 53-page indictment against Epstein for federal sex crimes involving minors, which would have sent him to prison for decades. The indictment, however, was shelved, and Epstein was allowed to plead guilty to two minor prostitution charges in state court.

He spent just 13 months in the Palm Beach County jail, where he was given permission to leave most of the day under a liberal work release program that wasn't granted to other convicted sex offenders. He was released in 2009.

Sasse, in his letter, said he was disturbed that federal prosecutors would have given Epstein such a break.

"The fact that this monster received such a pathetically soft sentence is a travesty that should outrage us all," Sasse wrote in a letter to DOJ's inspector general.

Experts say its possible that several investigations could be launched, not just by the Department of Justice.

The Department of Labor's inspector general could also do a review, said Philip Lacovara, who served as counsel to the special prosecutor who investigated President Richard Nixon's Watergate scandal.

Neither agency is required to say if and when it is conducting a review, he said, so it's possible investigations could already be underway. But the results may or may not be made public.

"They may do 10 confidential investigations, but you may only know about one," Lacovara said.

Francey Hakes, a former federal prosecutor, said that such an investigation could result in policy changes and new regulations on how federal prosecutors handle victim notification and non-prosecution agreements.

"I just don't know of any retrospective way to fix things," Hakes said. "I hope they will get to the bottom of whatever happened."

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